

104TH CONGRESS
2D SESSION

H. R. 3832

To restore the American family, enhance support and work opportunities for families with children, reduce out-of-wedlock pregnancies, reduce welfare dependence, and control welfare spending.

IN THE HOUSE OF REPRESENTATIVES

JULY 17, 1996

Mr. TANNER (for himself and Mr. CASTLE) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committees on Agriculture, Commerce, Economic and Educational Opportunities, Government Reform and Oversight, Banking and Financial Services, the Judiciary, and the Budget, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To restore the American family, enhance support and work opportunities for families with children, reduce out-of-wedlock pregnancies, reduce welfare dependence, and control welfare spending.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Bipartisan Welfare Re-
5 form Act of 1996”.

1 SEC. 2. TABLE OF CONTENTS.

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1 TITLE I—BLOCK GRANTS FOR 2 TEMPORARY ASSISTANCE 3 FOR NEEDY FAMILIES

4 SEC. 101. FINDINGS.

5 The Congress makes the following findings:

- 6 (1) Marriage is the foundation of a successful
 7 society.**

1 (2) Marriage is an essential institution of a suc-
2 cessful society which promotes the interests of chil-
3 dren.

4 (3) Promotion of responsible fatherhood and
5 motherhood is integral to successful child rearing
6 and the well-being of children.

7 (4) In 1992, only 54 percent of single-parent
8 families with children had a child support order es-
9 tablished and, of that 54 percent, only about one-
10 half received the full amount due. Of the cases en-
11 forced through the public child support enforcement
12 system, only 18 percent of the caseload has a collec-
13 tion.

14 (5) The number of individuals receiving aid to
15 families with dependent children (in this section re-
16 ferred to as “AFDC”) has more than tripled since
17 1965. More than two-thirds of these recipients are
18 children. Eighty-nine percent of children receiving
19 AFDC benefits now live in homes in which no father
20 is present.

21 (A)(i) The average monthly number of
22 children receiving AFDC benefits—

23 (I) was 3,300,000 in 1965;

24 (II) was 6,200,000 in 1970;

25 (III) was 7,400,000 in 1980; and

1 (IV) was 9,300,000 in 1992.

2 (ii) While the number of children receiving
3 AFDC benefits increased nearly threefold be-
4 tween 1965 and 1992, the total number of chil-
5 dren in the United States aged 0 to 18 has de-
6 clined by 5.5 percent.

7 (B) The Department of Health and
8 Human Services has estimated that 12,000,000
9 children will receive AFDC benefits within 10
10 years.

11 (C) The increase in the number of children
12 receiving public assistance is closely related to
13 the increase in births to unmarried women. Be-
14 tween 1970 and 1991, the percentage of live
15 births to unmarried women increased nearly
16 threefold, from 10.7 percent to 29.5 percent.

17 (6) The increase of out-of-wedlock pregnancies
18 and births is well documented as follows:

19 (A) It is estimated that the rate of non-
20 marital teen pregnancy rose 23 percent from 54
21 pregnancies per 1,000 unmarried teenagers in
22 1976 to 66.7 pregnancies in 1991. The overall
23 rate of nonmarital pregnancy rose 14 percent
24 from 90.8 pregnancies per 1,000 unmarried
25 women in 1980 to 103 in both 1991 and 1992.

1 In contrast, the overall pregnancy rate for mar-
2 ried couples decreased 7.3 percent between
3 1980 and 1991, from 126.9 pregnancies per
4 1,000 married women in 1980 to 117.6 preg-
5 nancies in 1991.

6 (B) The total of all out-of-wedlock births
7 between 1970 and 1991 has risen from 10.7
8 percent to 29.5 percent and if the current trend
9 continues, 50 percent of all births by the year
10 2015 will be out-of-wedlock.

11 (7) The negative consequences of an out-of-wed-
12 lock birth on the mother, the child, the family, and
13 society are well documented as follows:

14 (A) Young women 17 and under who give
15 birth outside of marriage are more likely to go
16 on public assistance and to spend more years
17 on welfare once enrolled. These combined ef-
18 fects of “younger and longer” increase total
19 AFDC costs per household by 25 percent to 30
20 percent for 17-year olds.

21 (B) Children born out-of-wedlock have a
22 substantially higher risk of being born at a very
23 low or moderately low birth weight.

1 (C) Children born out-of-wedlock are more
2 likely to experience low verbal cognitive attain-
3 ment, as well as more child abuse, and neglect.

4 (D) Children born out-of-wedlock were
5 more likely to have lower cognitive scores, lower
6 educational aspirations, and a greater likelihood
7 of becoming teenage parents themselves.

8 (E) Being born out-of-wedlock significantly
9 reduces the chances of the child growing up to
10 have an intact marriage.

11 (F) Children born out-of-wedlock are 3
12 times more likely to be on welfare when they
13 grow up.

14 (8) Currently 35 percent of children in single-
15 parent homes were born out-of-wedlock, nearly the
16 same percentage as that of children in single-parent
17 homes whose parents are divorced (37 percent).
18 While many parents find themselves, through divorce
19 or tragic circumstances beyond their control, facing
20 the difficult task of raising children alone, neverthe-
21 less, the negative consequences of raising children in
22 single-parent homes are well documented as follows:

23 (A) Only 9 percent of married-couple fami-
24 lies with children under 18 years of age have
25 income below the national poverty level. In con-

1 trast, 46 percent of female-headed households
2 with children under 18 years of age are below
3 the national poverty level.

4 (B) Among single-parent families, nearly
5 $\frac{1}{2}$ of the mothers who never married received
6 AFDC while only $\frac{1}{5}$ of divorced mothers re-
7 ceived AFDC.

8 (C) Children born into families receiving
9 welfare assistance are 3 times more likely to be
10 on welfare when they reach adulthood than chil-
11 dren not born into families receiving welfare.

12 (D) Mothers under 20 years of age are at
13 the greatest risk of bearing low-birth-weight ba-
14 bies.

15 (E) The younger the single parent mother,
16 the less likely she is to finish high school.

17 (F) Young women who have children be-
18 fore finishing high school are more likely to re-
19 ceive welfare assistance for a longer period of
20 time.

21 (G) Between 1985 and 1990, the public
22 cost of births to teenage mothers under the aid
23 to families with dependent children program,
24 the food stamp program, and the medicaid pro-
25 gram has been estimated at \$120,000,000,000.

1 (H) The absence of a father in the life of
2 a child has a negative effect on school perform-
3 ance and peer adjustment.

4 (I) Children of teenage single parents have
5 lower cognitive scores, lower educational aspira-
6 tions, and a greater likelihood of becoming teen-
7 age parents themselves.

8 (J) Children of single-parent homes are 3
9 times more likely to fail and repeat a year in
10 grade school than are children from intact 2-
11 parent families.

12 (K) Children from single-parent homes are
13 almost 4 times more likely to be expelled or sus-
14 pended from school.

15 (L) Neighborhoods with larger percentages
16 of youth aged 12 through 20 and areas with
17 higher percentages of single-parent households
18 have higher rates of violent crime.

19 (M) Of those youth held for criminal of-
20 fenses within the State juvenile justice system,
21 only 29.8 percent lived primarily in a home with
22 both parents. In contrast to these incarcerated
23 youth, 73.9 percent of the 62,800,000 children
24 in the Nation's resident population were living
25 with both parents.

1 (9) Therefore, in light of this demonstration of
2 the crisis in our Nation, it is the sense of the Con-
3 gress that prevention of out-of-wedlock pregnancy
4 and reduction in out-of-wedlock birth are very im-
5 portant Government interests and the policy con-
6 tained in part A of title IV of the Social Security
7 Act (as amended by section 103 of this Act) is in-
8 tended to address the crisis.

9 **SEC. 102. REFERENCE TO SOCIAL SECURITY ACT.**

10 Except as otherwise specifically provided, wherever in
11 this title an amendment is expressed in terms of an
12 amendment to or repeal of a section or other provision,
13 the reference shall be considered to be made to that sec-
14 tion or other provision of the Social Security Act.

15 **SEC. 103. BLOCK GRANTS TO STATES.**

16 Part A of title IV (42 U.S.C. 601 et seq.) is amended
17 to read as follows:

18 **“PART A—BLOCK GRANTS TO STATES FOR**
19 **TEMPORARY ASSISTANCE FOR NEEDY FAMILIES**
20 **“SEC. 401. PURPOSE.**

21 “(a) IN GENERAL.—The purpose of this part is to
22 increase the flexibility of States in operating a program
23 designed to—

1 “(1) provide assistance to needy families so that
2 children may be cared for in their own homes or in
3 the homes of relatives;

4 “(2) end the dependence of needy parents on
5 government benefits by promoting job preparation,
6 work, and marriage;

7 “(3) prevent and reduce the incidence of out-of-
8 wedlock pregnancies and establish annual numerical
9 goals for preventing and reducing the incidence of
10 these pregnancies; and

11 “(4) encourage the formation and maintenance
12 of two-parent families.

13 “(b) NO INDIVIDUAL ENTITLEMENT.—This part
14 shall not be interpreted to entitle any individual or family
15 to assistance under any State program funded under this
16 part.

17 **“SEC. 402. ELIGIBLE STATES; STATE PLAN.**

18 “(a) IN GENERAL.—As used in this part, the term
19 ‘eligible State’ means, with respect to a fiscal year, a State
20 that, during the 2-year period immediately preceding the
21 fiscal year, has submitted to the Secretary a plan that
22 meets the requirements of subsection (b) and has been ap-
23 proved by the Secretary with respect to the fiscal year.

1 “(b) CONTENTS OF STATE PLANS.—A plan meets
2 the requirements of this subsection if the plan includes
3 the following:

4 “(1) OUTLINE OF FAMILY ASSISTANCE PRO-
5 GRAM.—

6 “(A) GENERAL PROVISIONS.—A written
7 document that outlines how the State will do
8 the following:

9 “(i) Conduct a program, designed to
10 serve all political subdivisions in the State,
11 that provides assistance to needy families
12 with (or expecting) children and provides
13 parents with job preparation, work, and
14 support services to enable them to leave
15 the program and become self-sufficient.

16 “(ii) Determine, on an objective and
17 equitable basis, the needs of and the
18 amount of assistance to be provided to
19 needy families, and treat families of similar
20 needs and circumstances similarly, subject
21 to subparagraph (B).

22 “(iii) Require a parent or caretaker
23 receiving assistance under the program to
24 engage in work (as defined by the State)
25 once the State determines the parent or

1 caretaker is ready to engage in work, or
2 once the parent or caretaker has received
3 assistance under the program for 24
4 months (whether or not consecutive),
5 whichever is earlier.

6 “(iv) Ensure that parents and care-
7 takers receiving assistance under the pro-
8 gram engage in work activities in accord-
9 ance with section 407.

10 “(v) Grant an opportunity for a fair
11 hearing before the State agency to any in-
12 dividual to whom assistance under the pro-
13 gram is denied, reduced, or terminated, or
14 whose request for such assistance is not
15 acted on with reasonable promptness.

16 “(vi) Take such reasonable steps as
17 the State deems necessary to restrict the
18 use and disclosure of information about in-
19 dividuals and families receiving assistance
20 under the program attributable to funds
21 provided by the Federal Government.

22 “(vii) Establish goals and take action
23 to prevent and reduce the incidence of out-
24 of-wedlock pregnancies, with special em-
25 phasis on teenage pregnancies, and estab-

1 lish numerical goals for reducing the ille-
2 gitimacy ratio of the State (as defined in
3 section 403(a)(2)(B)) for calendar years
4 1996 through 2005.

5 “(B) SPECIAL PROVISIONS.—

6 “(i) The plan shall indicate whether
7 the State intends to treat families moving
8 into the State from another State dif-
9 ferently than other families under the pro-
10 gram, and if so, how the State intends to
11 treat such families under the program.

12 “(ii) The plan shall indicate whether
13 the State intends to provide assistance
14 under the program to individuals who are
15 not citizens of the United States, and if so,
16 shall include an overview of such assist-
17 ance.

18 “(iii) The plan shall contain an esti-
19 mate of the number of individuals (if any)
20 who will become ineligible for medical as-
21 sistance under the State plan approved
22 under title XIX as a result of changes in
23 the rules governing eligibility for the State
24 program funded under this part, and shall
25 indicate the extent (if any) to which the

1 State will provide medical assistance to
2 such individuals, and the scope of such
3 medical assistance.

4 “(2) CERTIFICATION THAT THE STATE WILL
5 OPERATE A CHILD SUPPORT ENFORCEMENT PRO-
6 GRAM.—The plan shall include a certification by the
7 chief executive officer of the State that, during the
8 fiscal year, the State will operate a child support en-
9 forcement program under the State plan approved
10 under part D.

11 “(3) CERTIFICATION THAT THE STATE WILL
12 NOT OPERATE A SEPARATE FINANCIAL SUPPORT
13 PROGRAM WITH STATE FUNDS TARGETED AT CER-
14 TAIN CHILD SUPPORT RECIPIENTS.—The plan shall
15 include a certification by the chief executive officer
16 of the State that, during the fiscal year, the State
17 will not operate a separate financial support pro-
18 gram with State funds targeted at child support re-
19 cipients who would be eligible for assistance under
20 the program funded under this part were it not for
21 payments from the State-funded financial assistance
22 program.

23 “(4) CERTIFICATION THAT THE STATE WILL
24 OPERATE A CHILD PROTECTION PROGRAM.—The
25 plan shall include a certification by the chief execu-

1 tive officer of the State that, during the fiscal year,
2 the State will operate a child protection program
3 under the State plan approved under part B.

4 “(5) CERTIFICATION OF THE ADMINISTRATION
5 OF THE PROGRAM.—The plan shall include a certifi-
6 cation by the chief executive officer of the State
7 specifying which State agency or agencies will ad-
8 minister and supervise the program referred to in
9 paragraph (1) for the fiscal year, which shall include
10 assurances that local governments and private sector
11 organizations—

12 “(A) have been working jointly with the
13 State in all phases of the plan and design of
14 welfare services in the State so that services are
15 provided in a manner appropriate to local popu-
16 lations;

17 “(B) have had at least 60 days to submit
18 comments on the final plan and the design of
19 such services; and

20 “(C) will not have unfunded mandates im-
21 posed on them under such plan.

22 Such certification shall also include assurance that
23 when local elected officials are currently responsible
24 for the administration of welfare services, the local
25 elected officials will be able to plan, design, and ad-

1 minister for their jurisdictions the programs estab-
2 lished pursuant to this Act.

3 “(6) CERTIFICATION THAT THE STATE WILL
4 PROVIDE INDIANS WITH EQUITABLE ACCESS TO AS-
5 SISTANCE.—The plan shall include a certification by
6 the chief executive officer of the State that, during
7 the fiscal year, the State will provide each Indian
8 who is a member of an Indian tribe in the State that
9 does not have a tribal family assistance plan ap-
10 proved under section 412 with equitable access to
11 assistance under the State program funded under
12 this part attributable to funds provided by the Fed-
13 eral Government.

14 “(7) CERTIFICATION OF NONDISPLACEMENT
15 AND NONREPLACEMENT OF EMPLOYEES.—The plan
16 shall include a certification that the implementation
17 of the plan will not result in—

18 “(A) the displacement of a currently em-
19 ployed worker or position by an individual to
20 whom assistance is provided under the State
21 program funded under this part;

22 “(B) the replacement of an employee who
23 has been terminated with an individual to whom
24 assistance is provided under the State program
25 funded under this part; or

1 “(C) the replacement of an employee who
 2 is on layoff from the same position filled by an
 3 individual to whom assistance is provided under
 4 the State program funded under this part or
 5 any equivalent position.

6 “(c) APPROVAL OF STATE PLANS.—The Secretary
 7 shall approve any State plan that meets the requirements
 8 of subsection (b) if the Secretary determines that operat-
 9 ing a State program pursuant to the plan will contribute
 10 to achieving the purposes of this part.

11 “(d) PUBLIC AVAILABILITY OF STATE PLAN SUM-
 12 MARY.—The State shall make available to the public a
 13 summary of any plan submitted by the State under this
 14 section.

15 **“SEC. 403. GRANTS TO STATES.**

16 “(a) GRANTS.—

17 “(1) FAMILY ASSISTANCE GRANT.—

18 “(A) IN GENERAL.—Each eligible State
 19 shall be entitled to receive from the Secretary,
 20 for each of fiscal years 1996, 1997, 1998,
 21 1999, 2000, and 2001 a grant in an amount
 22 equal to the State family assistance grant.

23 “(B) STATE FAMILY ASSISTANCE GRANT
 24 DEFINED.—As used in this part, the term

1 ‘State family assistance grant’ means the great-
2 est of—

3 “(i) $\frac{1}{3}$ of the total amount required
4 to be paid to the State under former sec-
5 tion 403 (as in effect on September 30,
6 1995) for fiscal years 1992, 1993, and
7 1994 (other than with respect to amounts
8 expended by the State for child care under
9 subsection (g) or (i) of former section 402
10 (as so in effect));

11 “(ii)(I) the total amount required to
12 be paid to the State under former section
13 403 for fiscal year 1994 (other than with
14 respect to amounts expended by the State
15 for child care under subsection (g) or (i) of
16 former section 402 (as so in effect)); plus

17 “(II) an amount equal to 85 percent
18 of the amount (if any) by which the total
19 amount required to be paid to the State
20 under former section 403(a)(5) for emer-
21 gency assistance for fiscal year 1995 ex-
22 ceeds the total amount required to be paid
23 to the State under former section
24 403(a)(5) for fiscal year 1994, if, during
25 fiscal year 1994, the Secretary approved

1 under former section 402 an amendment
2 to the former State plan with respect to
3 the provision of emergency assistance in
4 the context of family preservation; or

5 “(iii) the amount required to be paid
6 to the State under former section 403 (as
7 in effect on September 30, 1995) for fiscal
8 year 1995 (other than with respect to
9 amounts expended by the State under the
10 State plan approved under part F (as so in
11 effect) or for child care under subsection
12 (g) or (i) of former section 402 (as so in
13 effect)), plus the total amount required to
14 be paid to the State for fiscal year 1995
15 under former section 403(l) (as so in ef-
16 fect).

17 “(C) TOTAL AMOUNT REQUIRED TO BE
18 PAID TO THE STATE UNDER FORMER SECTION
19 403 DEFINED.—As used in this part, the term
20 ‘total amount required to be paid to the State
21 under former section 403’ means, with respect
22 to a fiscal year—

23 “(i) in the case of a State to which
24 section 1108 does not apply, the sum of—

1 “(I) the Federal share of mainte-
2 nance assistance expenditures for the
3 fiscal year, before reduction pursuant
4 to subparagraph (B) or (C) of section
5 403(b)(2) (as in effect on September
6 30, 1995), as reported by the State on
7 ACF Form 231;

8 “(II) the Federal share of admin-
9 istrative expenditures (including ad-
10 ministrative expenditures for the de-
11 velopment of management information
12 systems) for the fiscal year, as re-
13 ported by the State on ACF Form
14 231;

15 “(III) the Federal share of emer-
16 gency assistance expenditures for the
17 fiscal year, as reported by the State
18 on ACF Form 231;

19 “(IV) the Federal share of ex-
20 penditures for the fiscal year with re-
21 spect to child care pursuant to sub-
22 sections (g) and (i) of former section
23 402 (as in effect on September 30,
24 1995), as reported by the State on
25 ACF Form 231; and

1 “(V) the aggregate amount re-
2 quired to be paid to the State for the
3 fiscal year with respect to the State
4 program operated under part F (as in
5 effect on September 30, 1995), as de-
6 termined by the Secretary, including
7 additional obligations or reductions in
8 obligations made after the close of the
9 fiscal year; and

10 “(ii) in the case of a State to which
11 section 1108 applies, the lesser of—

12 “(I) the sum described in clause
13 (i); or

14 “(II) the total amount certified
15 by the Secretary under former section
16 403 (as in effect during the fiscal
17 year) with respect to the territory.

18 “(D) INFORMATION TO BE USED IN DE-
19 TERMINING AMOUNTS.—

20 “(i) FOR FISCAL YEARS 1992 AND
21 1993.—

22 “(I) In determining the amount
23 described in subclauses (I) through
24 (IV) of subparagraph (C)(i) for any
25 State for each of fiscal years 1992

1 and 1993, the Secretary shall use in-
2 formation available as of April 28,
3 1995.

4 “(II) In determining the amount
5 described in subparagraph (C)(i)(V)
6 for any State for each of fiscal years
7 1992 and 1993, the Secretary shall
8 use information available as of Janu-
9 ary 6, 1995.

10 “(ii) FOR FISCAL YEAR 1994.—In de-
11 termining the amounts described in sub-
12 paragraph (C)(i) for any State for fiscal
13 year 1994, the Secretary shall use informa-
14 tion available as of April 28, 1995.

15 “(iii) FOR FISCAL YEAR 1995.—

16 “(I) In determining the amount
17 described in subparagraph (B)(ii)(II)
18 for any State for fiscal year 1995, the
19 Secretary shall use the information
20 which was reported by the States and
21 estimates made by the States with re-
22 spect to emergency assistance expend-
23 itures and was available as of August
24 11, 1995.

1 “(II) In determining the amounts
2 described in subclauses (I) through
3 (IV) of subparagraph (C)(i) for any
4 State for fiscal year 1995, the Sec-
5 retary shall use information available
6 as of October 2, 1995.

7 “(III) In determining the amount
8 described in subparagraph (C)(i)(V)
9 for any State for fiscal year 1995, the
10 Secretary shall use information avail-
11 able as of October 5, 1995.

12 “(E) APPROPRIATION.—Out of any money
13 in the Treasury of the United States not other-
14 wise appropriated, there are appropriated for
15 fiscal years 1996, 1997, 1998, 1999, 2000, and
16 2001 such sums as are necessary for grants
17 under this paragraph.

18 “(2) GRANT TO REWARD STATES THAT REDUCE
19 OUT-OF-WEDLOCK BIRTHS.—

20 “(A) IN GENERAL.—In addition to any
21 grant under paragraph (1), each eligible State
22 shall be entitled to receive from the Secretary
23 for fiscal year 1998 or any succeeding fiscal
24 year, a grant in an amount equal to the State
25 family assistance grant multiplied by—

1 “(i) 5 percent if—

2 “(I) the illegitimacy ratio of the
3 State for the fiscal year is at least 1
4 percentage point lower than the ille-
5 gitimacy ratio of the State for fiscal
6 year 1995; and

7 “(II) the rate of induced preg-
8 nancy terminations in the State for
9 the fiscal year is less than the rate of
10 induced pregnancy terminations in the
11 State for fiscal year 1995; or

12 “(ii) 10 percent if—

13 “(I) the illegitimacy ratio of the
14 State for the fiscal year is at least 2
15 percentage points lower than the ille-
16 gitimacy ratio of the State for fiscal
17 year 1995; and

18 “(II) the rate of induced preg-
19 nancy terminations in the State for
20 the fiscal year is less than the rate of
21 induced pregnancy terminations in the
22 State for fiscal year 1995.

23 “(B) ILLEGITIMACY RATIO.—As used in
24 this paragraph, the term ‘illegitimacy ratio’

1 means, with respect to a State and a fiscal
2 year—

3 “(i) the number of out-of-wedlock
4 births that occurred in the State during
5 the most recent fiscal year for which such
6 information is available; divided by

7 “(ii) the number of births that oc-
8 curred in the State during the most recent
9 fiscal year for which such information is
10 available.

11 “(C) DISREGARD OF CHANGES IN DATA
12 DUE TO CHANGED REPORTING METHODS.—For
13 purposes of subparagraph (A), the Secretary
14 shall disregard—

15 “(i) any difference between the illegit-
16 imacy ratio of a State for a fiscal year and
17 the illegitimacy ratio of the State for fiscal
18 year 1995 which is attributable to a
19 change in State methods of reporting data
20 used to calculate the illegitimacy ratio; and

21 “(ii) any difference between the rate
22 of induced pregnancy terminations in a
23 State for a fiscal year and such rate for
24 fiscal year 1995 which is attributable to a

1 change in State methods of reporting data
2 used to calculate such rate.

3 “(D) APPROPRIATION.—Out of any money
4 in the Treasury of the United States not other-
5 wise appropriated, there are appropriated for
6 fiscal year 1998 and for each succeeding fiscal
7 year such sums as are necessary for grants
8 under this paragraph.

9 “(3) SUPPLEMENTAL GRANT FOR POPULATION
10 INCREASES IN CERTAIN STATES.—

11 “(A) IN GENERAL.—Each qualifying State
12 shall, subject to subparagraph (F), be entitled
13 to receive from the Secretary—

14 “(i) for fiscal year 1997 a grant in an
15 amount equal to 2.5 percent of the total
16 amount required to be paid to the State
17 under former section 403 (as in effect dur-
18 ing fiscal year 1994) for fiscal year 1994;
19 and

20 “(ii) for each of fiscal years 1998,
21 1999, and 2000, a grant in an amount
22 equal to the sum of—

23 “(I) the amount (if any) required
24 to be paid to the State under this

1 paragraph for the immediately preced-
2 ing fiscal year; and

3 “(II) 2.5 percent of the sum of—

4 “(aa) the total amount re-
5 quired to be paid to the State
6 under former section 403 (as in
7 effect during fiscal year 1994)
8 for fiscal year 1994; and

9 “(bb) the amount (if any)
10 required to be paid to the State
11 under this paragraph for the fis-
12 cal year preceding the fiscal year
13 for which the grant is to be
14 made.

15 “(B) PRESERVATION OF GRANT WITHOUT
16 INCREASES FOR STATES FAILING TO REMAIN
17 QUALIFYING STATES.—Each State that is not a
18 qualifying State for a fiscal year specified in
19 subparagraph (A)(ii) but was a qualifying State
20 for a prior fiscal year shall, subject to subpara-
21 graph (F), be entitled to receive from the Sec-
22 retary for the specified fiscal year, a grant in
23 an amount equal to the amount required to be
24 paid to the State under this paragraph for the

1 most recent fiscal year for which the State was
2 a qualifying State.

3 “(C) QUALIFYING STATE.—

4 “(i) IN GENERAL.—For purposes of
5 this paragraph, a State is a qualifying
6 State for a fiscal year if—

7 “(I) the level of welfare spending
8 per poor person by the State for the
9 immediately preceding fiscal year is
10 less than the national average level of
11 State welfare spending per poor per-
12 son for such preceding fiscal year; and

13 “(II) the population growth rate
14 of the State (as determined by the
15 Bureau of the Census for the most re-
16 cent fiscal year for which information
17 is available) exceeds the average popu-
18 lation growth rate for all States (as so
19 determined) for such most recent fis-
20 cal year.

21 “(ii) STATE MUST QUALIFY IN FISCAL
22 YEAR 1997.—Notwithstanding clause (i), a
23 State shall not be a qualifying State for
24 any fiscal year after 1997 by reason of
25 clause (i) if the State is not a qualifying

1 State for fiscal year 1997 by reason of
2 clause (i).

3 “(iii) CERTAIN STATES DEEMED
4 QUALIFYING STATES.—For purposes of
5 this paragraph, a State is deemed to be a
6 qualifying State for fiscal years 1997,
7 1998, 1999, and 2000 if—

8 “(I) the level of welfare spending
9 per poor person by the State for fiscal
10 year 1996 is less than 35 percent of
11 the national average level of State
12 welfare spending per poor person for
13 fiscal year 1996; or

14 “(II) the population of the State
15 increased by more than 10 percent
16 from April 1, 1990, to July 1, 1994,
17 as determined by the Bureau of the
18 Census.

19 “(D) DEFINITIONS.—As used in this para-
20 graph:

21 “(i) LEVEL OF WELFARE SPENDING
22 PER POOR PERSON.—The term ‘level of
23 State welfare spending per poor person’
24 means, with respect to a State and a fiscal
25 year—

1 “(I) the sum of—

2 “(aa) the total amount re-
3 quired to be paid to the State
4 under former section 403 (as in
5 effect during fiscal year 1994)
6 for fiscal year 1994; and

7 “(bb) the amount (if any)
8 paid to the State under this
9 paragraph for the immediately
10 preceding fiscal year; divided by

11 “(II) the number of individuals,
12 according to the 1990 decennial cen-
13 sus, who were residents of the State
14 and whose income was below the pov-
15 erty line.

16 “(ii) NATIONAL AVERAGE LEVEL OF
17 STATE WELFARE SPENDING PER POOR
18 PERSON.—The term ‘national average level
19 of State welfare spending per poor person’
20 means, with respect to a fiscal year, an
21 amount equal to—

22 “(I) the total amount required to
23 be paid to the States under former
24 section 403 (as in effect during fiscal

1 year 1994) for fiscal year 1994; di-
2 vided by

3 “(II) the number of individuals,
4 according to the 1990 decennial cen-
5 sus, who were residents of any State
6 and whose income was below the pov-
7 erty line.

8 “(iii) STATE.—The term ‘State’
9 means each of the 50 States of the United
10 States and the District of Columbia.

11 “(E) APPROPRIATION.—Out of any money
12 in the Treasury of the United States not other-
13 wise appropriated, there are appropriated for
14 fiscal years 1997, 1998, 1999, and 2000 such
15 sums as are necessary for grants under this
16 paragraph, in a total amount not to exceed
17 \$800,000,000.

18 “(F) GRANTS REDUCED PRO RATA IF IN-
19 SUFFICIENT APPROPRIATIONS.—If the amount
20 appropriated pursuant to this paragraph for a
21 fiscal year is less than the total amount of pay-
22 ments otherwise required to be made under this
23 paragraph for the fiscal year, then the amount
24 otherwise payable to any State for the fiscal
25 year under this paragraph shall be reduced by

1 a percentage equal to the amount so appro-
2 priated divided by such total amount.

3 “(G) BUDGET SCORING.—Notwithstanding
4 section 257(b)(2) of the Balanced Budget and
5 Emergency Deficit Control Act of 1985, the
6 baseline shall assume that no grant shall be
7 made under this paragraph after fiscal year
8 2000.

9 “(4) SUPPLEMENTAL GRANT FOR OPERATION
10 OF WORK PROGRAM.—

11 “(A) APPLICATION REQUIREMENTS.—An
12 eligible State may submit to the Secretary an
13 application for additional funds to meet the re-
14 quirements of section 407 with respect to a fis-
15 cal year if the Secretary determines that—

16 “(i) the total expenditures of the
17 State to meet such requirements for the
18 fiscal year exceed the total expenditures of
19 the State during fiscal year 1994 to carry
20 out part F (as in effect on September 30,
21 1994);

22 “(ii) the work programs of the State
23 under section 407 are coordinated with the
24 job training programs established by title
25 II of the Job Training Partnership Act, or

1 (if such title is repealed by the Consoli-
2 dated and Reformed Education, Employ-
3 ment, and Rehabilitation Systems Act) the
4 Consolidated and Reformed Education,
5 Employment, and Rehabilitation Systems
6 Act; and

7 “(iii) the State needs additional funds
8 to meet such requirements or certifies that
9 it intends to exceed such requirements.

10 “(B) GRANTS.—The Secretary may make
11 a grant to any eligible State which submits an
12 application in accordance with subparagraph
13 (A) of this paragraph for a fiscal year in an
14 amount equal to the Federal medical assistance
15 percentage of the amount (if any) by which the
16 total expenditures of the State to meet or ex-
17 ceed the requirements of section 407 for the fis-
18 cal year exceeds the total expenditures of the
19 State during fiscal year 1994 to carry out part
20 F (as in effect on September 30, 1994).

21 “(C) REGULATIONS.—The Secretary shall
22 issue regulations providing for the equitable dis-
23 tribution of funds under this paragraph.

24 “(D) APPROPRIATIONS.—

1 “(i) IN GENERAL.—Out of any money
2 in the Treasury of the United States not
3 otherwise appropriated, there are appro-
4 priated to the Secretary for grants under
5 this paragraph—

6 “(I) \$150,000,000 for fiscal year
7 1999;

8 “(II) \$850,000,000 for fiscal
9 year 2000;

10 “(III) \$900,000,000 for fiscal
11 year 2001; and

12 “(IV) \$1,100,000,000 for fiscal
13 year 2002 and for each succeeding fis-
14 cal year.

15 “(ii) AVAILABILITY.—Amounts appro-
16 priated pursuant to clause (i) shall remain
17 available until expended.

18 “(b) CONTINGENCY FUND.—

19 “(1) ESTABLISHMENT.—There is hereby estab-
20 lished in the Treasury of the United States a fund
21 which shall be known as the ‘Contingency Fund for
22 State Welfare Programs’ (in this section referred to
23 as the ‘Fund’).

24 “(2) DEPOSITS INTO FUND.—

1 “(A) Out of any money in the Treasury of
2 the United States not otherwise appropriated,
3 there are appropriated for fiscal years 1997,
4 1998, 1999, 2000, 2001 and 2002 such sums
5 as are necessary for payment to the Fund in a
6 total amount not to exceed \$2,000,000,000, ex-
7 cept as provided in subparagraphs (B) and (C).

8 “(B) If—

9 “(i) the average rate of total unem-
10 ployment in the United States for the most
11 recent 3 months for which data for all
12 States are available is not less than 7 per-
13 cent; and

14 “(ii) there are insufficient amounts in
15 the Fund to pay all State claims under
16 paragraph (4) for a quarter in that fiscal
17 year;

18 then there are appropriated for that fiscal year,
19 in addition to amounts appropriated under
20 paragraph (2)(A), such sums as equal the dif-
21 ference between the amount needed to pay all
22 State claims for that quarter and the amount
23 remaining in the Fund.

24 “(C) If—

1 “(i)(I)(aa) the average rate of total
2 unemployment in a State (seasonally ad-
3 justed) for the period consisting of the
4 most recent 3 months for which data for
5 all States are published is not less than 9
6 percent; or

7 “(bb) the average rate of total unem-
8 ployment in such State (seasonally ad-
9 justed) for the 3-month period is not less
10 than 120 percent of such average rate for
11 either of the prior 2 years; or

12 “(II) the average number of persons
13 in the State receiving assistance under the
14 food stamp program, as defined in section
15 3(h) of the Food Stamp Act of 1977, for
16 the most recent 3-month period for which
17 data are available is not less than 120 per-
18 cent of such average monthly number for
19 fiscal year 1994 or for fiscal year 1995;
20 and

21 “(ii) there are insufficient amounts in
22 the Fund to pay all State claims under
23 paragraph (4) for a quarter in that fiscal
24 year; then

1 there are appropriated for payment to the Fund
2 for that fiscal year, in addition to amounts ap-
3 propriated pursuant to paragraph (2)(A), for
4 payments to States described in this subpara-
5 graph, the amount by which payments to such
6 States under paragraph (4) would otherwise be
7 reduced under paragraph (8).

8 “(3) PAYMENTS TO STATES.—The method of
9 computing and paying amounts to States from the
10 Fund under this subsection shall be as follows:

11 “(A) The Secretary shall, before each
12 quarter, estimate the amount to be paid to each
13 State for the quarter from the Fund, such esti-
14 mate to be based on—

15 “(i) a report filed by the State con-
16 taining an estimate by the State of qualify-
17 ing State expenditures for the quarter; and

18 “(ii) such other information as the
19 Secretary may find relevant and reliable.

20 “(B) The Secretary shall then certify to
21 the Secretary of the Treasury the amount so es-
22 timated by the Secretary.

23 “(C) The Secretary of the Treasury shall
24 thereupon pay to the State, at the time or times
25 fixed by the Secretary, the amount so certified.

1 “(4) GRANTS.—From amounts appropriated
2 pursuant to paragraph (2), the Secretary of the
3 Treasury shall pay to each eligible State for a fiscal
4 year an amount equal to the lesser of—

5 “(A) the Federal medical assistance per-
6 centage for the State for the fiscal year (as de-
7 fined in section 1905(b), as in effect on Sep-
8 tember 30, 1995) of the amount, if any, by
9 which the expenditures of the State in the fiscal
10 year under the State program funded under
11 this part and expenditures on cash assistance
12 under other State programs with respect to eli-
13 gible families (as defined in section
14 409(a)(5)(B)(i)(III)) exceed historic State ex-
15 penditures (as defined in section
16 409(a)(5)(B)(iii)); or

17 “(B) the number of percentage points (if
18 any) by which 40 percent of the State family
19 assistance grant for the fiscal year exceeds any
20 payment to the State for the fiscal year under
21 section 403(a)(3).

22 “(5) ANNUAL RECONCILIATION.—At the end of
23 each fiscal year, each State shall remit to the Sec-
24 retary an amount equal to the amount (if any) by
25 which the total amount paid to the State under

1 paragraph (4) during the fiscal year exceeds the
2 lesser of—

3 “(A) the Federal medical assistance per-
4 centage for the State for the fiscal year (as de-
5 fined in section 1905(b), as in effect on Sep-
6 tember 30, 1995) of the amount (if any) by
7 which the expenditures of the State in the fiscal
8 year under the State program funded under
9 this part and expenditures on cash assistance
10 under other State programs with respect to eli-
11 gible families (as defined in section
12 409(a)(5)(B)(i)(III)) exceed historic State ex-
13 penditures (as defined in section
14 409(a)(5)(B)(iii)); or

15 “(B) the amount (if any) by which 40 per-
16 cent of the State family assistance grant for the
17 fiscal year exceeds any payment to the State for
18 the fiscal year under section 403(a)(3).

19 “(6) ELIGIBLE STATE.—For purposes of this
20 subsection, a State is an eligible State for a fiscal
21 year, if—

22 “(A)(i) the average rate of total unemploy-
23 ment in such State (seasonally adjusted) for the
24 period consisting of the most recent 3 months

1 for which data for all States are published is
2 not less than 6.5 percent; and

3 “(ii) the average rate of total unemploy-
4 ment in such State (seasonally adjusted) for the
5 3-month period is not less than 110 percent of
6 such average rate for either 1994 or 1995; or

7 “(B)(i) the average number of persons in
8 the State receiving assistance under the food
9 stamp program, as defined in section 3(h) of
10 the Food Stamp Act of 1977, for the most re-
11 cent 3-month period for which data are avail-
12 able is not less than 110 percent of the product
13 of—

14 “(I) such average monthly number for
15 either fiscal year 1994 or fiscal year 1995;
16 and

17 “(II) the number of percentage points
18 (if any) by which 100 percent exceeds the
19 percentage by which the Bipartisan Wel-
20 fare Reform Act of 1996, had it been in ef-
21 fect, would have reduced such average
22 monthly number in such State in such fis-
23 cal year, as most recently estimated by the
24 Secretary of Agriculture before the date of
25 the enactment of such Act; and

1 “(ii) the State is not participating in the
2 program established under section 23(b) of the
3 Food Stamp Act of 1977.

4 “(7) STATE.—As used in this subsection, the
5 term ‘State’ means each of the 50 States of the
6 United States and the District of Columbia.

7 “(8) PAYMENT PRIORITY.—Claims by States
8 for payment from the Fund shall be filed quarterly.
9 If the total amount of claims for any quarter exceeds
10 the amount available for payment from the fund,
11 claims shall be paid on a pro rata basis in a manner
12 to be determined by the Secretary, except in the case
13 of a State described in paragraph (2)(C).

14 “(9) ANNUAL REPORTS.—The Secretary of the
15 Treasury shall annually report to Congress on the
16 status of the Fund.

17 **“SEC. 404. USE OF GRANTS.**

18 “(a) GENERAL RULES.—Subject to this part, a State
19 to which a grant is made under section 403 may use the
20 grant—

21 “(1) in any manner that is reasonably cal-
22 culated to accomplish the purpose of this part, in-
23 cluding to provide low income households with as-
24 sistance in meeting home heating and cooling costs;
25 or

1 “(2) in any manner that the State was author-
2 ized to use amounts received under part A or F, as
3 such parts were in effect on September 30, 1995.

4 “(b) LIMITATION ON USE OF GRANT FOR ADMINIS-
5 TRATIVE PURPOSES.—

6 “(1) LIMITATION.—A State to which a grant is
7 made under section 403 shall not expend more than
8 15 percent of the grant for administrative purposes.

9 “(2) EXCEPTION.—Paragraph (1) shall not
10 apply to the use of a grant for information tech-
11 nology and computerization needed for tracking or
12 monitoring required by or under this part.

13 “(c) AUTHORITY TO TREAT INTERSTATE IMMI-
14 GRANTS UNDER RULES OF FORMER STATE.—A State op-
15 erating a program funded under this part may apply to
16 a family the rules (including benefit amounts) of the pro-
17 gram funded under this part of another State if the family
18 has moved to the State from the other State and has re-
19 sided in the State for less than 12 months.

20 “(d) AUTHORITY TO USE PORTION OF GRANT FOR
21 OTHER PURPOSES.—

22 “(1) IN GENERAL.—A State may use not more
23 than 20 percent of the amount of the grant made to
24 the State under section 403 for a fiscal year to carry

1 out a State program pursuant to the Child Care and
2 Development Block Grant Act of 1990.

3 “(2) APPLICABLE RULES.—Any amount paid to
4 the State under this part that is used to carry out
5 a State program pursuant to the Child Care and De-
6 velopment Block Grant Act of 1990 shall not be sub-
7 ject to the requirements of this part, but shall be
8 subject to the requirements that apply to Federal
9 funds provided directly under such Act to carry out
10 the program.

11 “(e) AUTHORITY TO RESERVE CERTAIN AMOUNTS
12 FOR ASSISTANCE.—A State may reserve amounts paid to
13 the State under this part for any fiscal year for the pur-
14 pose of providing, without fiscal year limitation, assistance
15 under the State program funded under this part.

16 “(f) AUTHORITY TO OPERATE EMPLOYMENT PLACE-
17 MENT PROGRAM.—A State to which a grant is made under
18 section 403 may use the grant to make payments (or pro-
19 vide job placement vouchers) to State-approved public and
20 private job placement agencies that provide employment
21 placement services to individuals who receive assistance
22 under the State program funded under this part.

23 “(g) IMPLEMENTATION OF ELECTRONIC BENEFIT
24 TRANSFER SYSTEM.—A State to which a grant is made
25 under section 403 is encouraged to implement an elec-

1 tronic benefit transfer system for providing assistance
2 under the State program funded under this part, and may
3 use the grant for such purpose.

4 **“SEC. 405. ADMINISTRATIVE PROVISIONS.**

5 “(a) QUARTERLY.—The Secretary shall pay each
6 grant payable to a State under section 403 in quarterly
7 installments.

8 “(b) NOTIFICATION.—Not later than 3 months before
9 the payment of any such quarterly installment to a State,
10 the Secretary shall notify the State of the amount of any
11 reduction determined under section 412(a)(1)(B) with re-
12 spect to the State.

13 “(c) COMPUTATION AND CERTIFICATION OF PAY-
14 MENTS TO STATES.—

15 “(1) COMPUTATION.—The Secretary shall esti-
16 mate the amount to be paid to each eligible State for
17 each quarter under this part, such estimate to be
18 based on a report filed by the State containing an
19 estimate by the State of the total sum to be ex-
20 pended by the State in the quarter under the State
21 program funded under this part and such other in-
22 formation as the Secretary may find necessary.

23 “(2) CERTIFICATION.—The Secretary of Health
24 and Human Services shall certify to the Secretary of
25 the Treasury the amount estimated under paragraph

1 (1) with respect to a State, reduced or increased to
2 the extent of any overpayment or underpayment
3 which the Secretary of Health and Human Services
4 determines was made under this part to the State
5 for any prior quarter and with respect to which ad-
6 justment has not been made under this paragraph.

7 “(d) PAYMENT METHOD.—Upon receipt of a certifi-
8 cation under subsection (c)(2) with respect to a State, the
9 Secretary of the Treasury shall, through the Fiscal Service
10 of the Department of the Treasury and before audit or
11 settlement by the General Accounting Office, pay to the
12 State, at the time or times fixed by the Secretary of
13 Health and Human Services, the amount so certified.

14 “(e) COLLECTION OF STATE OVERPAYMENTS TO
15 FAMILIES FROM FEDERAL TAX REFUNDS.—

16 “(1) IN GENERAL.—Upon receiving notice from
17 the Secretary of Health and Human Services that a
18 State agency administering a program funded under
19 this part has notified the Secretary that a named in-
20 dividual has been overpaid under the State program
21 funded under this part, the Secretary of the Treas-
22 ury shall determine whether any amounts as refunds
23 of Federal taxes paid are payable to such individual,
24 regardless of whether the individual filed a tax re-
25 turn as a married or unmarried individual. If the

1 Secretary of the Treasury finds that any such
2 amount is so payable, the Secretary shall withhold
3 from such refunds an amount equal to the overpay-
4 ment sought to be collected by the State and pay
5 such amount to the State agency.

6 “(2) REGULATIONS.—The Secretary of the
7 Treasury shall issue regulations, after review by the
8 Secretary of Health and Human Services, that pro-
9 vide—

10 “(A) that a State may only submit under
11 paragraph (1) requests for collection of over-
12 payments with respect to individuals—

13 “(i) who are no longer receiving as-
14 sistance under the State program funded
15 under this part;

16 “(ii) with respect to whom the State
17 has already taken appropriate action under
18 State law against the income or resources
19 of the individuals or families involved to
20 collect the past-due legally enforceable
21 debt; and

22 “(iii) to whom the State agency has
23 given notice of its intent to request with-
24 holding by the Secretary of the Treasury

1 from the income tax refunds of such indi-
 2 viduals;

3 “(B) that the Secretary of the Treasury
 4 will give a timely and appropriate notice to any
 5 other person filing a joint return with the indi-
 6 vidual whose refund is subject to withholding
 7 under paragraph (1); and

8 “(C) the procedures that the State and the
 9 Secretary of the Treasury will follow in carrying
 10 out this subsection which, to the maximum ex-
 11 tent feasible and consistent with the provisions
 12 of this subsection, will be the same as those is-
 13 sued pursuant to section 464(b) applicable to
 14 collection of past-due child support.

15 **“SEC. 406. FEDERAL LOANS FOR STATE WELFARE PRO-**
 16 **GRAMS.**

17 “(a) LOAN AUTHORITY.—

18 “(1) IN GENERAL.—The Secretary shall make
 19 loans to any loan-eligible State, for a period to ma-
 20 turity of not more than 3 years.

21 “(2) LOAN-ELIGIBLE STATE.—As used in para-
 22 graph (1), the term ‘loan-eligible State’ means a
 23 State against which a penalty has not been imposed
 24 under section 409(e).

1 “(b) RATE OF INTEREST.—The Secretary shall
2 charge and collect interest on any loan made under this
3 section at a rate equal to the current average market yield
4 on outstanding marketable obligations of the United
5 States with remaining periods to maturity comparable to
6 the period to maturity of the loan.

7 “(c) USE OF LOAN.—A State shall use a loan made
8 to the State under this section only for any purpose for
9 which grant amounts received by the State under section
10 403(a) may be used, including—

11 “(1) welfare anti-fraud activities; and

12 “(2) the provision of assistance under the State
13 program to Indian families that have moved from
14 the service area of an Indian tribe with a tribal fam-
15 ily assistance plan approved under section 412.

16 “(d) LIMITATION ON TOTAL AMOUNT OF LOANS TO
17 A STATE.—The cumulative dollar amount of all loans
18 made to a State under this section during fiscal years
19 1997 through 2001 shall not exceed 10 percent of the
20 State family assistance grant.

21 “(e) LIMITATION ON TOTAL AMOUNT OF OUTSTAND-
22 ING LOANS.—The total dollar amount of loans outstand-
23 ing under this section may not exceed \$1,700,000,000.

24 “(f) APPROPRIATION.—Out of any money in the
25 Treasury of the United States not otherwise appropriated,

1 there are appropriated such sums as may be necessary for
 2 the cost of loans under this section.

3 **“SEC. 407. MANDATORY WORK REQUIREMENTS; INDIVID-**
 4 **UAL RESPONSIBILITY PLANS.**

5 “(a) PARTICIPATION RATE REQUIREMENTS.—

6 “(1) ALL FAMILIES.—A State to which a grant
 7 is made under section 403 for a fiscal year shall
 8 achieve the minimum participation rate specified in
 9 the following table for the fiscal year with respect to
 10 all families receiving assistance under the State pro-
 11 gram funded under this part:

“If the fiscal year is:	The minimum participation rate is:
1997	20
1998	25
1999	30
2000	35
2001	40
2002 or thereafter	50.

12 “(2) 2-PARENT FAMILIES.—A State to which a
 13 grant is made under section 403 for a fiscal year
 14 shall achieve the minimum participation rate speci-
 15 fied in the following table for the fiscal year with re-
 16 spect to 2-parent families receiving assistance under
 17 the State program funded under this part:

“If the fiscal year is:	The minimum participation rate is:
1997	75
1998	75
1999 or thereafter	90.

18 “(b) CALCULATION OF PARTICIPATION RATES.—

1 “(1) ALL FAMILIES.—

2 “(A) AVERAGE MONTHLY RATE.—For pur-
3 poses of subsection (a)(1), the participation
4 rate for all families of a State for a fiscal year
5 is the average of the participation rates for all
6 families of the State for each month in the fis-
7 cal year.

8 “(B) MONTHLY PARTICIPATION RATES.—
9 The participation rate of a State for all families
10 of the State for a month, expressed as a per-
11 centage, is—

12 “(i) the number of families receiving
13 assistance under the State program funded
14 under this part that include an adult who
15 is engaged in work for the month; divided
16 by

17 “(ii) the amount by which—

18 “(I) the number of families re-
19 ceiving such assistance during the
20 month that include an adult receiving
21 such assistance; exceeds

22 “(II) the number of families re-
23 ceiving such assistance that are sub-
24 ject in such month to a penalty de-
25 scribed in subsection (e)(1) but have

1 not been subject to such penalty for
2 more than 3 months within the pre-
3 ceding 12-month period (whether or
4 not consecutive).

5 “(C) SPECIAL RULE.—An individual shall
6 be considered to be engaged in work and to be
7 an adult recipient of assistance under a State
8 program funded under this part for purposes of
9 subparagraph (B) for the first 6 months
10 (whether or not consecutive) after the first ces-
11 sation of assistance to an individual under the
12 program during which the individual is em-
13 ployed for an average of more than 25 hours
14 per week in an unsubsidized job in the private
15 sector.

16 “(2) 2-PARENT FAMILIES.—

17 “(A) AVERAGE MONTHLY RATE.—For pur-
18 poses of subsection (a)(2), the participation
19 rate for 2-parent families of a State for a fiscal
20 year is the average of the participation rates for
21 2-parent families of the State for each month in
22 the fiscal year.

23 “(B) MONTHLY PARTICIPATION RATES.—
24 The participation rate of a State for 2-parent
25 families of the State for a month shall be cal-

culated by use of the formula set forth in paragraph (1)(B), except that in the formula the term ‘number of 2-parent families’ shall be substituted for the term ‘number of families’ each place such latter term appears.

“(3) PRO RATA REDUCTION OF PARTICIPATION RATE DUE TO CASELOAD REDUCTIONS NOT REQUIRED BY FEDERAL LAW.—

“(A) IN GENERAL.—The Secretary shall prescribe regulations for reducing the minimum participation rate otherwise required by this section for a fiscal year by the number of percentage points equal to the number of percentage points (if any) by which—

“(i) the number of families receiving assistance during the fiscal year under the State program funded under this part is less than

“(ii) the number of families that received aid under the State plan approved under part A (as in effect on September 30, 1995) during fiscal year 1994 or 1995, whichever is the greater.

The minimum participation rate shall not be reduced to the extent that the Secretary deter-

1 mines that the reduction in the number of fami-
2 lies receiving such assistance is required by
3 Federal law.

4 “(B) ELIGIBILITY CHANGES NOT COUNT-
5 ED.—The regulations described in subpara-
6 graph (A) shall not take into account families
7 that are diverted from a State program funded
8 under this part as a result of differences in eli-
9 gibility criteria under a State program funded
10 under this part and eligibility criteria under the
11 State program operated under the State plan
12 approved under part A (as such plan and such
13 part were in effect on September 30, 1995).
14 Such regulations shall place the burden on the
15 Secretary to prove that such families were di-
16 verted as a direct result of differences in such
17 eligibility criteria.

18 “(4) STATE OPTION TO INCLUDE INDIVIDUALS
19 RECEIVING ASSISTANCE UNDER A TRIBAL FAMILY
20 ASSISTANCE PLAN.—For purposes of paragraphs
21 (1)(B) and (2)(B), a State may, at its option, in-
22 clude families receiving assistance under a tribal
23 family assistance plan approved under section 412.

24 “(5) STATE OPTION FOR PARTICIPATION RE-
25 QUIREMENT EXEMPTIONS.—For any fiscal year, a

1 State may, at its option, not require an individual
 2 who is a single custodial parent caring for a child
 3 who has not attained 12 months of age to engage in
 4 work and may disregard such an individual in deter-
 5 mining the participation rates under subsection (a).

6 “(c) ENGAGED IN WORK.—

7 “(1) ALL FAMILIES.—For purposes of sub-
 8 section (b)(1)(B)(i), a recipient is engaged in work
 9 for a month in a fiscal year if the recipient is par-
 10 ticipating in such activities for at least the minimum
 11 average number of hours per week specified in the
 12 following table during the month, not fewer than 20
 13 hours per week of which are attributable to an activ-
 14 ity described in paragraph (1), (2), (3), (4), (5), (7),
 15 or (8) of subsection (d) (or, if the participation of
 16 the recipient in an activity described in subsection
 17 (d)(6) has been taken into account for purposes of
 18 paragraph (1) or (2) of subsection (b) for fewer than
 19 4 weeks in the fiscal year, an activity described in
 20 subsection (d)(6)):

“If the month is in fiscal year:	The minimum average number of hours per week is:
1996	20
1997	20
1998	20
1999 or thereafter	25.

21 “(2) 2-PARENT FAMILIES.—For purposes of
 22 subsection (b)(2)(B)(i), an adult is engaged in work

1 for a month in a fiscal year if the adult is making
2 progress in such activities for at least 25 hours per
3 week during the month, not fewer than 20 hours per
4 week of which are attributable to an activity de-
5 scribed in paragraph (1), (2), (3), (4), (5), (7), or
6 (8) of subsection (d) (or, if the participation of the
7 recipient in an activity described in subsection (d)(6)
8 has been taken into account for purposes of para-
9 graph (1) or (2) of subsection (b) for fewer than 8
10 weeks (no more than 4 of which may be consecutive)
11 in the fiscal year, an activity described in subsection
12 (d)(6)).

13 “(3) LIMITATION ON VOCATIONAL EDUCATION
14 ACTIVITIES COUNTED AS WORK.—For purposes of
15 determining monthly participation rates under para-
16 graphs (1)(B)(i) and (2)(B)(i) of subsection (b), not
17 more than 20 percent of adults in all families and
18 in 2-parent families determined to be engaged in
19 work in the State for a month may meet the work
20 activity requirement through participation in voca-
21 tional educational training.

22 “(4) OPTION TO REDUCE NUMBER OF HOURS
23 OF WORK REQUIRED OF SINGLE PARENTS WITH A
24 CHILD UNDER AGE 6.—Notwithstanding paragraph
25 (1), a State may reduce to 20 the number of hours

1 per week during which a single custodial parent is
2 required pursuant to this section to engage in work
3 activities if the family of the parent includes an indi-
4 vidual who has not attained 6 years of age.

5 “(d) WORK ACTIVITIES DEFINED.—As used in this
6 section, the term ‘work activities’ means—

7 “(1) unsubsidized employment;

8 “(2) subsidized private sector employment;

9 “(3) subsidized public sector employment;

10 “(4) work experience (including work associated
11 with the refurbishing of publicly assisted housing) if
12 sufficient private sector employment is not available;

13 “(5) on-the-job training;

14 “(6) job search and job readiness assistance;

15 “(7) community service programs;

16 “(8) vocational educational training (not to ex-
17 ceed 12 months with respect to any individual);

18 “(9) job skills training directly related to em-
19 ployment;

20 “(10) education directly related to employment,
21 in the case of a recipient who has not received a
22 high school diploma or a certificate of high school
23 equivalency; and

24 “(11) satisfactory attendance at secondary
25 school, in the case of a recipient who—

1 “(A) has not completed secondary school;
2 and

3 “(B) is a dependent child, or a head of
4 household who has not attained 20 years of age.

5 “(e) PENALTIES AGAINST INDIVIDUALS.—

6 “(1) IN GENERAL.—Except as provided in para-
7 graph (2), if an adult in a family receiving assist-
8 ance under the State program funded under this
9 part refuses to engage in work required in accord-
10 ance with this section, the State shall—

11 “(A) reduce the amount of assistance oth-
12 erwise payable to the family pro rata (or more,
13 at the option of the State) with respect to any
14 period during a month in which the adult so re-
15 fuses; or

16 “(B) terminate such assistance,
17 subject to such good cause and other exceptions as
18 the State may establish.

19 “(2) EXCEPTION.—Notwithstanding paragraph
20 (1), a State may not reduce or terminate assistance
21 under the State program funded under this part
22 based on a refusal of an adult to work if the adult
23 is a single custodial parent caring for a child who
24 has not attained 11 years of age, and the adult
25 proves that the adult has a demonstrated inability

1 (as determined by the State) to obtain needed child
2 care, for 1 or more of the following reasons:

3 “(A) Unavailability of appropriate child
4 care within a reasonable distance from the indi-
5 vidual’s home or work site.

6 “(B) Unavailability or unsuitability of in-
7 formal child care by a relative or under other
8 arrangements.

9 “(C) Unavailability of appropriate and af-
10 fordable formal child care arrangements.

11 “(f) NONDISPLACEMENT IN WORK ACTIVITIES.—

12 “(1) IN GENERAL.—Subject to paragraph (2),
13 an adult in a family receiving assistance under a
14 State program funded under this part attributable to
15 funds provided by the Federal Government may fill
16 a vacant employment position in order to engage in
17 a work activity described in subsection (d).

18 “(2) NO FILLING OF CERTAIN VACANCIES.—No
19 adult in a work activity described in subsection (d)
20 which is funded, in whole or in part, by funds pro-
21 vided by the Federal Government shall be employed
22 or assigned—

23 “(A) when any other individual is on layoff
24 from the same or any substantially equivalent
25 job; or

1 “(B) if the employer has terminated the
2 employment of any regular employee or other-
3 wise caused an involuntary reduction of its
4 workforce in order to fill the vacancy so created
5 with an adult described in paragraph (1).

6 “(3) NO PREEMPTION.—Nothing in this sub-
7 section shall preempt or supersede any provision of
8 State or local law that provides greater protection
9 for employees from displacement.

10 “(g) INDIVIDUAL RESPONSIBILITY PLANS.—

11 “(1) ASSESSMENT.—The State agency respon-
12 sible for administering the State program funded
13 under this part shall make an initial assessment of
14 the skills, prior work experience, and employability
15 of each applicant for, or recipient of, assistance
16 under the program who—

17 “(A) has attained 18 years of age; or

18 “(B) has not completed high school or ob-
19 tained a certificate of high school equivalency,
20 and is not attending secondary school.

21 “(2) CONTENTS OF PLANS.—

22 “(A) IN GENERAL.—On the basis of the
23 assessment made under paragraph (1) with re-
24 spect to an individual, the State agency, in con-
25 sultation with the individual, shall develop an

1 individual responsibility plan for the individual,
2 which—

3 “(i) shall provide that participation by
4 the individual in job search activities shall
5 be a condition of eligibility for assistance
6 under the State program funded under this
7 part, except during any period for which
8 the individual is employed full-time in an
9 unsubsidized job in the private sector;

10 “(ii) sets forth an employment goal
11 for the individual and a plan for moving
12 the individual immediately into private sec-
13 tor employment;

14 “(iii) sets forth the obligations of the
15 individual, which may include a require-
16 ment that the individual attend school,
17 maintain certain grades and attendance,
18 keep school age children of the individual
19 in school, immunize children, attend
20 parenting and money management classes,
21 or do other things that will help the indi-
22 vidual become and remain employed in the
23 private sector;

24 “(iv) to the greatest extent possible
25 shall be designed to move the individual

1 into whatever private sector employment
2 the individual is capable of handling as
3 quickly as possible, and to increase the re-
4 sponsibility and amount of work the indi-
5 vidual is to handle over time;

6 “(v) shall describe the services the
7 State will provide the individual so that the
8 individual will be able to obtain and keep
9 employment in the private sector, and de-
10 scribe the job counseling and other services
11 that will be provided by the State; and

12 “(vi) at the option of the State, may
13 require the individual to undergo appro-
14 priate substance abuse treatment.

15 “(B) TIMING.—The State agency shall
16 comply with subparagraph (A) with respect to
17 an individual—

18 “(i) within 90 days (or, at the option
19 of the State, 180 days) after the effective
20 date of this part, in the case of an individ-
21 ual who, as of such effective date, is a re-
22 cipient of aid under the State plan ap-
23 proved under part A (as in effect imme-
24 diately before such effective date); or

1 “(ii) within 30 days (or, at the option
2 of the State, 90 days) after the individual
3 is determined to be eligible for such assist-
4 ance, in the case of any other individual.

5 “(3) PROVISION OF PROGRAM AND EMPLOY-
6 MENT INFORMATION.—The State shall inform all ap-
7 plicants for and recipients of assistance under the
8 State program funded under this part of all avail-
9 able services under the program for which they are
10 eligible.

11 “(4) PENALTY FOR NONCOMPLIANCE BY INDIV-
12 IDUAL.—The State shall reduce, by such amount
13 as the State considers appropriate, the amount of
14 assistance otherwise payable under the State pro-
15 gram funded under this part to a family that in-
16 cludes an individual who fails without good cause to
17 comply with an individual responsibility plan signed
18 by the individual.

19 “(h) SENSE OF THE CONGRESS.—It is the sense of
20 the Congress that in complying with this section, each
21 State that operates a program funded under this part is
22 encouraged to assign the highest priority to requiring
23 adults in 2-parent families and adults in single-parent
24 families that include older preschool or school-age children
25 to be engaged in work activities.

1 “(i) SENSE OF THE CONGRESS THAT STATES
2 SHOULD IMPOSE CERTAIN REQUIREMENTS ON NON-
3 CUSTODIAL, NONSUPPORTING MINOR PARENTS.—It is the
4 sense of the Congress that the States should require non-
5 custodial, nonsupporting parents who have not attained 18
6 years of age to fulfill community work obligations and at-
7 tend appropriate parenting or money management classes
8 after school.

9 **“SEC. 408. PROHIBITIONS; REQUIREMENTS.**

10 “(a) IN GENERAL.—

11 “(1) NO ASSISTANCE FOR FAMILIES WITHOUT A
12 MINOR CHILD.—A State to which a grant is made
13 under section 403 shall not use any part of the
14 grant to provide assistance to a family, unless the
15 family includes—

16 “(A) a minor child who resides with a cus-
17 todial parent or other adult caretaker relative of
18 the child; or

19 “(B) a pregnant individual.

20 “(2) NO ADDITIONAL CASH ASSISTANCE FOR
21 CHILDREN BORN TO FAMILIES RECEIVING ASSIST-
22 ANCE.—

23 “(A) GENERAL RULE.—A State to which a
24 grant is made under section 403 shall not use

1 any part of the grant to provide cash benefits
2 for a minor child who is born to—

3 “(i) a recipient of assistance under
4 the program operated under this part; or

5 “(ii) a person who received such as-
6 sistance at any time during the 10-month
7 period ending with the birth of the child.

8 “(B) EXCEPTION FOR CHILDREN BORN
9 INTO FAMILIES WITH NO OTHER CHILDREN.—
10 Subparagraph (A) shall not apply to a minor
11 child who is born into a family that does not in-
12 clude any other children.

13 “(C) EXCEPTION FOR VOUCHERS.—Sub-
14 paragraph (A) shall not apply to vouchers
15 which are provided in lieu of cash benefits and
16 which may be used only to pay for particular
17 goods and services specified by the State as
18 suitable for the care of the child involved.

19 “(D) EXCEPTION FOR RAPE OR INCEST.—
20 Subparagraph (A) shall not apply with respect
21 to a child who is born as a result of rape or in-
22 cest.

23 “(E) STATE ELECTION TO OPT OUT.—Sub-
24 paragraph (A) shall not apply to a State if
25 State law specifically exempts the State pro-

1 gram funded under this part from the applica-
2 tion of subparagraph (A).

3 “(F) SUBSTITUTION OF FAMILY CAPS IN
4 EFFECT UNDER WAIVERS.—Subparagraph (A)
5 shall not apply to a State—

6 “(i) if, as of the date of the enactment
7 of this part, there is in effect a waiver ap-
8 proved by the Secretary under section
9 1115 which permits the State to deny aid
10 under the State plan approved under part
11 A of this title (as in effect without regard
12 to the amendments made by title I of the
13 Bipartisan Welfare Reform Act of 1996) to
14 a family by reason of the birth of a child
15 to a family member otherwise eligible for
16 such aid; and

17 “(ii) for so long as the State contin-
18 ues to implement such policy under the
19 State program funded under this part,
20 under rules prescribed by the State.

21 “(3) REDUCTION OR ELIMINATION OF ASSIST-
22 ANCE FOR NONCOOPERATION IN CHILD SUPPORT.—
23 If the agency responsible for administering the State
24 plan approved under part D determines that an indi-
25 vidual is not cooperating with the State in establish-

1 ing, modifying, or enforcing a support order with re-
2 spect to a child of the individual, then the State—

3 “(A) shall deduct from the assistance that
4 would otherwise be provided to the family of the
5 individual under the State program funded
6 under this part the share of such assistance at-
7 tributable to the individual; and

8 “(B) may deny the family any assistance
9 under the State program.

10 “(4) NO ASSISTANCE FOR FAMILIES NOT AS-
11 SIGNING CERTAIN SUPPORT RIGHTS TO THE
12 STATE.—

13 “(A) IN GENERAL.—A State to which a
14 grant is made under section 403 shall require,
15 as a condition of providing assistance to a fam-
16 ily under the State program funded under this
17 part, that a member of the family assign to the
18 State any rights the family member may have
19 (on behalf of the family member or of any other
20 person for whom the family member has applied
21 for or is receiving such assistance) to support
22 from any other person, not exceeding the total
23 amount of assistance so provided to the family,
24 which accrue (or have accrued) before the date
25 the family leaves the program, which assign-

1 ment, on and after the date the family leaves
2 the program, shall not apply with respect to any
3 support (other than support collected pursuant
4 to section 464) which accrued before the family
5 received such assistance and which the State
6 has not collected by—

7 “(i) September 30, 2000, if the as-
8 signment is executed on or after October 1,
9 1997, and before October 1, 2000; or

10 “(ii) the date the family leaves the
11 program, if the assignment is executed on
12 or after October 1, 2000.

13 “(B) LIMITATION.—A State to which a
14 grant is made under section 403 shall not re-
15 quire, as a condition of providing assistance to
16 any family under the State program funded
17 under this part, that a member of the family
18 assign to the State any rights to support de-
19 scribed in subparagraph (A) which accrue after
20 the date the family leaves the program, except
21 to the extent necessary to enable the State to
22 comply with section 457.

23 “(5) NO ASSISTANCE FOR TEENAGE PARENTS
24 WHO DO NOT ATTEND HIGH SCHOOL OR OTHER
25 EQUIVALENT TRAINING PROGRAM.—A State to

1 which a grant is made under section 403 shall not
2 use any part of the grant to provide assistance to an
3 individual who has not attained 18 years of age, is
4 not married, has a minor child at least 12 weeks of
5 age in his or her care, and has not successfully com-
6 pleted a high-school education (or its equivalent), if
7 the individual does not participate in—

8 “(A) educational activities directed toward
9 the attainment of a high school diploma or its
10 equivalent; or

11 “(B) an alternative educational or training
12 program that has been approved by the State.

13 “(6) NO ASSISTANCE FOR TEENAGE PARENTS
14 NOT LIVING IN ADULT-SUPERVISED SETTINGS.—

15 “(A) IN GENERAL.—

16 “(i) REQUIREMENT.—Except as pro-
17 vided in subparagraph (B), a State to
18 which a grant is made under section 403
19 shall not use any part of the grant to pro-
20 vide assistance to an individual described
21 in clause (ii) of this subparagraph if the
22 individual and the minor child referred to
23 in clause (ii)(II) do not reside in a place of
24 residence maintained by a parent, legal
25 guardian, or other adult relative of the in-

dividual as such parent's, guardian's, or adult relative's own home.

“(ii) INDIVIDUAL DESCRIBED.—For purposes of clause (i), an individual described in this clause is an individual who—

“(I) has not attained 18 years of age; and

“(II) is not married, and has a minor child in his or her care.

“(B) EXCEPTION.—

“(i) PROVISION OF, OR ASSISTANCE IN LOCATING, ADULT-SUPERVISED LIVING ARRANGEMENT.—In the case of an individual who is described in clause (ii), the State agency referred to in section 402(a)(4) shall provide, or assist the individual in locating, a second chance home, maternity home, or other appropriate adult-supervised supportive living arrangement, taking into consideration the needs and concerns of the individual, unless the State agency determines that the individual's current living arrangement is appropriate, and thereafter shall require that the individual

1 and the minor child referred to in subpara-
2 graph (A)(ii)(II) reside in such living ar-
3 rangement as a condition of the continued
4 receipt of assistance under the State pro-
5 gram funded under this part attributable
6 to funds provided by the Federal Govern-
7 ment (or in an alternative appropriate ar-
8 rangement, should circumstances change
9 and the current arrangement cease to be
10 appropriate).

11 “(ii) INDIVIDUAL DESCRIBED.—For
12 purposes of clause (i), an individual is de-
13 scribed in this clause if the individual is
14 described in subparagraph (A)(ii), and—

15 “(I) the individual has no parent,
16 legal guardian or other appropriate
17 adult relative described in subclause
18 (II) of his or her own who is living or
19 whose whereabouts are known;

20 “(II) no living parent, legal
21 guardian, or other appropriate adult
22 relative, who would otherwise meet
23 applicable State criteria to act as the
24 individual’s legal guardian, of such in-
25 dividual allows the individual to live in

1 the home of such parent, guardian, or
2 relative;

3 “(III) the State agency deter-
4 mines that—

5 “(aa) the individual or the
6 minor child referred to in sub-
7 paragraph (A)(ii)(II) is being or
8 has been subjected to serious
9 physical or emotional harm, sex-
10 ual abuse, or exploitation in the
11 residence of the individual’s own
12 parent or legal guardian; or

13 “(bb) substantial evidence
14 exists of an act or failure to act
15 that presents an imminent or se-
16 rious harm if the individual and
17 the minor child lived in the same
18 residence with the individual’s
19 own parent or legal guardian; or

20 “(IV) the State agency otherwise
21 determines that it is in the best inter-
22 est of the minor child to waive the re-
23 quirement of subparagraph (A) with
24 respect to the individual or the minor
25 child.

1 “(iii) SECOND-CHANCE HOME.—For
 2 purposes of this subparagraph, the term
 3 ‘second-chance home’ means an entity that
 4 provides individuals described in clause (ii)
 5 with a supportive and supervised living ar-
 6 rangement in which such individuals are
 7 required to learn parenting skills, including
 8 child development, family budgeting, health
 9 and nutrition, and other skills to promote
 10 their long-term economic independence and
 11 the well-being of their children.

12 “(7) NO MEDICAL SERVICES.—

13 “(A) IN GENERAL.—Except as provided in
 14 subparagraph (B), a State to which a grant is
 15 made under section 403 shall not use any part
 16 of the grant to provide medical services.

17 “(B) EXCEPTION FOR FAMILY PLANNING
 18 SERVICES.—As used in subparagraph (A), the
 19 term ‘medical services’ does not include family
 20 planning services.

21 “(8) NO ASSISTANCE FOR MORE THAN 5
 22 YEARS.—

23 “(A) IN GENERAL.—Except as provided in
 24 subparagraphs (B) and (C), a State to which a
 25 grant is made under section 403 shall not use

1 any part of the grant to provide cash assistance
2 to a family that includes an adult who has re-
3 ceived assistance under any State program
4 funded under this part attributable to funds
5 provided by the Federal Government, for 60
6 months (whether or not consecutive) after the
7 date the State program funded under this part
8 commences.

9 “(B) MINOR CHILD EXCEPTION.—In deter-
10 mining the number of months for which an in-
11 dividual who is a parent or pregnant has re-
12 ceived assistance under the State program
13 funded under this part, the State shall dis-
14 regard any month for which such assistance
15 was provided with respect to the individual and
16 during which the individual was—

17 “(i) a minor child; and

18 “(ii) not the head of a household or
19 married to the head of a household.

20 “(C) HARDSHIP EXCEPTION.—

21 “(i) IN GENERAL.—The State may ex-
22 empt a family from the application of sub-
23 paragraph (A) by reason of hardship or if
24 the family includes an individual who has

1 been battered or subjected to extreme cru-
2 elty.

3 “(ii) LIMITATION.—The number of
4 families with respect to which an exemp-
5 tion made by a State under clause (i) is in
6 effect for a fiscal year shall not exceed 20
7 percent of the average monthly number of
8 families to which assistance is provided
9 under the State program funded under this
10 part.

11 “(iii) BATTERED OR SUBJECT TO EX-
12 TREME CRUELTY DEFINED.—For purposes
13 of clause (i), an individual has been bat-
14 tered or subjected to extreme cruelty if the
15 individual has been subjected to—

16 “(I) physical acts that resulted
17 in, or threatened to result in, physical
18 injury to the individual;

19 “(II) sexual abuse;

20 “(III) sexual activity involving a
21 dependent child;

22 “(IV) being forced as the care-
23 taker relative of a dependent child to
24 engage in nonconsensual sexual acts
25 or activities;

1 “(V) threats of, or attempts at,
2 physical or sexual abuse;
3 “(VI) mental abuse; or
4 “(VII) neglect or deprivation of
5 medical care.

6 “(D) RULE OF INTERPRETATION.—Sub-
7 paragraph (A) shall not be interpreted to re-
8 quire any State to provide assistance to any in-
9 dividual for any period of time under the State
10 program funded under this part.

11 “(9) DENIAL OF ASSISTANCE FOR 10 YEARS TO
12 A PERSON FOUND TO HAVE FRAUDULENTLY MIS-
13 REPRESENTED RESIDENCE IN ORDER TO OBTAIN AS-
14 SISTANCE IN 2 OR MORE STATES.—A State to which
15 a grant is made under section 403 shall not use any
16 part of the grant to provide cash assistance to an in-
17 dividual during the 10-year period that begins on
18 the date the individual is convicted in Federal or
19 State court of having made a fraudulent statement
20 or representation with respect to the place of resi-
21 dence of the individual in order to receive assistance
22 simultaneously from 2 or more States under pro-
23 grams that are funded under this title, title XIX, or
24 the Food Stamp Act of 1977, or benefits in 2 or

1 more States under the supplemental security income
2 program under title XVI.

3 “(10) DENIAL OF ASSISTANCE FOR FUGITIVE
4 FELONS AND PROBATION AND PAROLE VIOLA-
5 TORS.—

6 “(A) IN GENERAL.—A State to which a
7 grant is made under section 403 shall not use
8 any part of the grant to provide assistance to
9 any individual who is—

10 “(i) fleeing to avoid prosecution, or
11 custody or confinement after conviction,
12 under the laws of the place from which the
13 individual flees, for a crime, or an attempt
14 to commit a crime, which is a felony under
15 the laws of the place from which the indi-
16 vidual flees, or which, in the case of the
17 State of New Jersey, is a high mis-
18 demeanor under the laws of such State; or

19 “(ii) violating a condition of probation
20 or parole imposed under Federal or State
21 law.

22 “(B) EXCHANGE OF INFORMATION WITH
23 LAW ENFORCEMENT AGENCIES.—If a State to
24 which a grant is made under section 403 estab-
25 lishes safeguards against the use or disclosure

of information about applicants or recipients of assistance under the State program funded under this part, the safeguards shall not prevent the State agency administering the program from furnishing a Federal, State, or local law enforcement officer, upon the request of the officer, with the current address of any recipient if the officer furnishes the agency with the name of the recipient and notifies the agency that—

“(i) the recipient—

“(I) is described in subparagraph

(A); or

“(II) has information that is nec-

essary for the officer to conduct the

official duties of the officer; and

“(ii) the location or apprehension of

the recipient is within such official duties.

“(11) DENIAL OF ASSISTANCE FOR MINOR

CHILDREN WHO ARE ABSENT FROM THE HOME FOR

A SIGNIFICANT PERIOD.—

“(A) IN GENERAL.—A State to which a

grant is made under section 403 shall not use

any part of the grant to provide assistance for

a minor child who has been, or is expected by

1 a parent (or other caretaker relative) of the
2 child to be, absent from the home for a period
3 of 45 consecutive days or, at the option of the
4 State, such period of not less than 30 and not
5 more than 90 consecutive days as the State
6 may provide for in the State plan submitted
7 pursuant to section 402.

8 “(B) STATE AUTHORITY TO ESTABLISH
9 GOOD CAUSE EXCEPTIONS.—The State may es-
10 tablish such good cause exceptions to subpara-
11 graph (A) as the State considers appropriate if
12 such exceptions are provided for in the State
13 plan submitted pursuant to section 402.

14 “(C) DENIAL OF ASSISTANCE FOR REL-
15 ATIVE WHO FAILS TO NOTIFY STATE AGENCY
16 OF ABSENCE OF CHILD.—A State to which a
17 grant is made under section 403 shall not use
18 any part of the grant to provide assistance for
19 an individual who is a parent (or other care-
20 taker relative) of a minor child and who fails to
21 notify the agency administering the State pro-
22 gram funded under this part of the absence of
23 the minor child from the home for the period
24 specified in or provided for pursuant to sub-
25 paragraph (A), by the end of the 5-day period

1 that begins with the date that it becomes clear
2 to the parent (or relative) that the minor child
3 will be absent for such period so specified or
4 provided for.

5 “(12) INCOME SECURITY PAYMENTS NOT TO BE
6 DISREGARDED IN DETERMINING THE AMOUNT OF
7 ASSISTANCE TO BE PROVIDED TO A FAMILY.—If a
8 State to which a grant is made under section 403
9 uses any part of the grant to provide assistance for
10 any individual who is receiving a payment under a
11 State plan for old-age assistance approved under
12 section 2, a State program funded under part B that
13 provides cash payments for foster care, or the sup-
14 plemental security income program under title XVI,
15 then the State shall not disregard the payment in
16 determining the amount of assistance to be provided
17 under the State program funded under this part,
18 from funds provided by the Federal Government, to
19 the family of which the individual is a member.

20 “(13) PROVISION OF VOUCHERS TO FAMILIES
21 DENIED CASH ASSISTANCE DUE TO STATE-IMPOSED
22 TIME LIMITS.—

23 “(A) REQUIREMENT.—If a family is denied
24 assistance under the State program funded
25 under this part by reason of a time limit im-

posed by the State other than pursuant to paragraph (8), the State shall provide vouchers to the family in accordance with subparagraph (B).

“(B) CHARACTERISTICS OF VOUCHERS.—

The vouchers referred to in subparagraph (A) shall be—

“(i) in an amount equal to the amount determined by the State to meet the needs of only the child or children in the family, which shall be determined in the same manner as the State would otherwise determines the needs of the child or children under the program;

“(ii) designed appropriately to pay a third party for goods and services to be provided by the third party to the child or children in the family; and

“(iii) redeemable by a third party described in clause (ii) for a dollar amount equal to the amount of the voucher.

“(b) ALIENS.—For special rules relating to the treatment of aliens, see section 402 of the Bipartisan Welfare Reform Act of 1996.

1 **“SEC. 409. PENALTIES.**

2 “(a) IN GENERAL.—Subject to this section:

3 “(1) FAILURE TO SUBMIT REQUIRED RE-
4 PORT.—

5 “(A) IN GENERAL.—If the Secretary deter-
6 mines that a State has not, within 1 month
7 after the end of a fiscal quarter, submitted the
8 report required by section 411(a) for the quar-
9 ter, the Secretary shall reduce the grant pay-
10 able to the State under section 403(a)(1) for
11 the immediately succeeding fiscal year by an
12 amount equal to 4 percent of the State family
13 assistance grant.

14 “(B) RESCISSION OF PENALTY.—The Sec-
15 retary shall rescind a penalty imposed on a
16 State under subparagraph (A) with respect to a
17 report for a fiscal quarter if the State submits
18 the report before the end of the immediately
19 succeeding fiscal quarter.

20 “(2) FAILURE TO PARTICIPATE IN THE INCOME
21 AND ELIGIBILITY VERIFICATION SYSTEM.—If the
22 Secretary determines that a State program funded
23 under this part is not participating during a fiscal
24 year in the income and eligibility verification system
25 required by section 1137, the Secretary shall reduce
26 the grant payable to the State under section

1 403(a)(1) for the immediately succeeding fiscal year
2 by an amount equal to not more than 2 percent of
3 the State family assistance grant.

4 “(3) FAILURE TO COMPLY WITH PATERNITY ES-
5 TABLISHMENT AND CHILD SUPPORT ENFORCEMENT
6 REQUIREMENTS UNDER PART D.—Notwithstanding
7 any other provision of this Act, if the Secretary de-
8 termines that the State agency that administers a
9 program funded under this part does not enforce the
10 penalties requested by the agency administering part
11 D against recipients of assistance under the State
12 program who fail to cooperate in establishing pater-
13 nity in accordance with such part, the Secretary
14 shall reduce the grant payable to the State under
15 section 403(a)(1) for the immediately succeeding fis-
16 cal year (without regard to this section) by not more
17 than 5 percent.

18 “(4) FAILURE TO TIMELY REPAY A FEDERAL
19 LOAN FUND FOR STATE WELFARE PROGRAMS.—If
20 the Secretary determines that a State has failed to
21 repay any amount borrowed from the Federal Loan
22 Fund for State Welfare Programs established under
23 section 406 within the period of maturity applicable
24 to the loan, plus any interest owed on the loan, the
25 Secretary shall reduce the grant payable to the State

1 under section 403(a)(1) for the immediately succeed-
 2 ing fiscal year quarter (without regard to this sec-
 3 tion) by the outstanding loan amount, plus the inter-
 4 est owed on the outstanding amount. The Secretary
 5 shall not forgive any outstanding loan amount or in-
 6 terest owed on the outstanding amount.

7 “(5) FAILURE OF ANY STATE TO MAINTAIN
 8 CERTAIN LEVEL OF HISTORIC EFFORT.—

9 “(A) IN GENERAL.—The Secretary shall
 10 reduce the grant payable to the State under
 11 section 403(a)(1) for fiscal year 1997, 1998,
 12 1999, 2000, 2001, or 2002 by the amount (if
 13 any) by which qualified State expenditures for
 14 the then immediately preceding fiscal year is
 15 less than the applicable percentage of historic
 16 State expenditures with respect to the fiscal
 17 year.

18 “(B) DEFINITIONS.—As used in this para-
 19 graph:

20 “(i) QUALIFIED STATE EXPENDI-
 21 TURES.—

22 “(I) IN GENERAL.—The term
 23 ‘qualified State expenditures’ means,
 24 with respect to a State and a fiscal
 25 year, the total expenditures by the

1 State during the fiscal year, under all
2 State programs, for any of the follow-
3 ing with respect to eligible families:

4 “(aa) Cash assistance.

5 “(bb) Child care assistance.

6 “(cc) Educational activities
7 designed to increase self-suffi-
8 ciency, job training, and work,
9 excluding any expenditure for
10 public education in the State ex-
11 cept expenditures which involve
12 the provision of services or assist-
13 ance to a member of an eligible
14 family which is not generally
15 available to persons who are not
16 members of eligible families.

17 “(dd) Administrative costs
18 in connection with the matters
19 described in items (aa), (bb),
20 (cc), and (ee), but only to the ex-
21 tent that such costs do not ex-
22 ceed 15 percent of the total
23 amount of qualified State ex-
24 penditures for the fiscal year.

1 “(ee) Any other use of funds
2 allowable under section
3 404(a)(1).

4 “(II) EXCLUSION OF TRANSFERS
5 FROM OTHER STATE AND LOCAL PRO-
6 GRAMS.—Such term does not include
7 expenditures under any State or local
8 program during a fiscal year, except
9 to the extent that—

10 “(aa) such expenditures ex-
11 ceed the amount expended under
12 the State or local program in the
13 fiscal year most recently ending
14 before the date of the enactment
15 of this part; or

16 “(bb) the State is entitled to
17 a payment under former section
18 403 (as in effect immediately be-
19 fore such date of enactment) with
20 respect to such expenditures.

21 “(III) ELIGIBLE FAMILIES.—As
22 used in subclause (I), the term ‘eligi-
23 ble families’ means families eligible
24 for assistance under the State pro-
25 gram funded under this part, and

1 families who would be eligible for such
2 assistance but for the application of
3 paragraph (2) or (8) of section 408(a)
4 of this Act or section 402 of the Bi-
5 partisan Welfare Reform Act of 1996.

6 “(ii) APPLICABLE PERCENTAGE.—The
7 term ‘applicable percentage’ means—

8 “(I) for fiscal year 1996, 85 per-
9 cent; and

10 “(II) for fiscal years 1997, 1998,
11 1999, 2000, and 2001, 85 percent ad-
12 justed (if appropriate) in accordance
13 with subparagraph (C).

14 “(iii) HISTORIC STATE EXPENDI-
15 TURES.—The term ‘historic State expendi-
16 tures’ means, with respect to a State and
17 a fiscal year specified in subparagraph (A),
18 the lesser of—

19 “(I) the expenditures by the
20 State under parts A and F (as in ef-
21 fect during fiscal year 1994) for fiscal
22 year 1994; or

23 “(II) the amount which bears the
24 same ratio to the amount described in
25 subclause (I) as—

1 “(aa) the State family as-
2 sistance grant for the fiscal year
3 immediately preceding the fiscal
4 year specified in subparagraph
5 (A), plus the total amount re-
6 quired to be paid to the State
7 under former section 403 for fis-
8 cal year 1994 with respect to
9 amounts expended by the State
10 for child care under subsection
11 (g) or (i) of section 402 (as in ef-
12 fect during fiscal year 1994);
13 bears to

14 “(bb) the total amount re-
15 quired to be paid to the State
16 under former section 403 (as in
17 effect during fiscal year 1994)
18 for fiscal year 1994.

19 Such term does not include any expendi-
20 tures under the State plan approved under
21 part A (as so in effect) on behalf of indi-
22 viduals covered by a tribal family assist-
23 ance plan approved under section 412, as
24 determined by the Secretary.

1 “(iv) EXPENDITURES BY THE
2 STATE.—The term ‘expenditures by the
3 State’ does not include—

4 “(I) any expenditures from
5 amounts made available by the Fed-
6 eral Government;

7 “(II) State funds expended for
8 the medicaid program under title
9 XIX; or

10 “(III) any State funds which are
11 used to match Federal funds or are
12 expended as a condition of receiving
13 Federal funds under Federal pro-
14 grams other than under this part.

15 “(C) PERFORMANCE-BASED ADJUSTMENTS
16 TO APPLICABLE PERCENTAGE.—

17 “(i) INCREASE IN MAINTENANCE OF
18 EFFORT THRESHOLD FOR FAILURE TO
19 MEET PARTICIPATION RATES.—If the Sec-
20 retary determines that a State has failed
21 to achieve the participation rate required
22 by section 407 for a fiscal year, the Sec-
23 retary shall increase the applicable per-
24 centage for the State for the immediately
25 succeeding fiscal year by not more than 5

1 percentage points. In determining the
2 amount of any such increase, the Secretary
3 shall take into account any increase in the
4 number of persons served by the State pro-
5 gram and any increase in the unemploy-
6 ment rate of the State, in accordance with
7 regulations which the Secretary shall pre-
8 scribe.

9 “(ii) REDUCTION IN MAINTENANCE OF
10 EFFORT THRESHOLD FOR HIGH PERFORM-
11 ANCE STATES.—

12 “(I) CRITERIA.—The Secretary
13 shall, by regulation, establish meas-
14 ures of the effectiveness of the State
15 program funded under this part in
16 moving recipients of assistance under
17 the program into full-time
18 unsubsidized employment. In develop-
19 ing the regulations, the Secretary
20 shall take into account the length of
21 time former recipients of assistance
22 under the program remain employed,
23 the earnings of such former recipients
24 who obtain private sector employment,
25 the total State caseload under the

1 program, and the rate of unemploy-
2 ment in the State.

3 “(II) REDUCTION OF THRESH-
4 OLD.—The Secretary shall reduce the
5 applicable percentage for a State for a
6 fiscal year by not more than 5 per-
7 centage points if the Secretary deter-
8 mines that the State achieved the par-
9 ticipation rate required by section 407
10 for the immediately preceding fiscal
11 year and exceeded such performance
12 threshold as the Secretary may estab-
13 lish under subclause (I) of this clause.

14 “(6) SUBSTANTIAL NONCOMPLIANCE OF STATE
15 CHILD SUPPORT ENFORCEMENT PROGRAM WITH RE-
16 QUIREMENTS OF PART D.—

17 “(A) IN GENERAL.—If a State program
18 operated under part D is found as a result of
19 a review conducted under section 452(a)(4) not
20 to have complied substantially with the require-
21 ments of such part for any quarter, and the
22 Secretary determines that the program is not
23 complying substantially with such requirements
24 at the time the finding is made, the Secretary
25 shall reduce the grant payable to the State

1 under section 403(a)(1) for the quarter and
2 each subsequent quarter that ends before the
3 1st quarter throughout which the program is
4 found to be in substantial compliance with such
5 requirements by—

6 “(i) not less than 1 nor more than 2
7 percent;

8 “(ii) not less than 2 nor more than 3
9 percent, if the finding is the 2nd consecu-
10 tive such finding made as a result of such
11 a review; or

12 “(iii) not less than 3 nor more than 5
13 percent, if the finding is the 3rd or a sub-
14 sequent consecutive such finding made as a
15 result of such a review.

16 “(B) DISREGARD OF NONCOMPLIANCE
17 WHICH IS OF A TECHNICAL NATURE.—For pur-
18 poses of subparagraph (A) of this paragraph
19 and section 452(a)(4), a State which is not in
20 full compliance with the requirements of this
21 part shall be determined to be in substantial
22 compliance with such requirements only if the
23 Secretary determines that any noncompliance
24 with such requirements is of a technical nature

1 which does not adversely affect the performance
2 of the State's program operated under part D.

3 “(7) FAILURE OF STATE RECEIVING AMOUNTS
4 FROM CONTINGENCY FUND TO MAINTAIN 100 PER-
5 CENT OF HISTORIC EFFORT.—If, at the end of any
6 fiscal year during which amounts from the Contingency Fund for State Welfare Programs have been
7 paid to a State, the Secretary finds that the State
8 has failed, during the fiscal year, to expend under
9 the State program funded under this part an
10 amount equal to at least 100 percent of the level of
11 historic State expenditures (as defined in paragraph
12 (7)(B)(iii) of this subsection) with respect to the fiscal year, the Secretary shall reduce the grant payable to the State under section 403(a)(1) for the immediately succeeding fiscal year by the total of the amounts so paid to the State.

18 “(8) FAILURE TO EXPEND ADDITIONAL STATE
19 FUNDS TO REPLACE GRANT REDUCTIONS.—If the
20 grant payable to a State under section 403(a)(1) for
21 a fiscal year is reduced by reason of this subsection,
22 the State shall, during the immediately succeeding
23 fiscal year, expend under the State program funded
24 under this part an amount equal to the total amount
25 of such reductions.

1 “(9) FAILURE TO PROVIDE VOUCHER ASSIST-
2 ANCE.—If the Secretary determines that a State
3 program funded under this part has failed to comply
4 with section 408(a)(13) during a fiscal year, the
5 Secretary shall reduce the grant payable to the State
6 under section 403(a)(1) for the immediately succeed-
7 ing fiscal year by an amount equal to the difference
8 between the amount the State would have expended
9 on voucher assistance pursuant to section
10 408(a)(13) during the fiscal year in the absence of
11 such noncompliance and the amount the State ex-
12 pended on such voucher assistance during the fiscal
13 year.

14 “(10) FAILURE TO PROVIDE TRANSITIONAL
15 MEDICAL ASSISTANCE.—If the Secretary determines
16 that a State has not complied with section
17 408(a)(15) during a quarter, the Secretary shall re-
18 duce the grant payable to the State under section
19 403(a)(1) for the immediately succeeding quarter by
20 an amount equal to 5 percent of the portion of the
21 State family assistance grant that is payable to the
22 State for such succeeding quarter.

23 “(b) REASONABLE CAUSE EXCEPTION.—

24 “(1) IN GENERAL.—The Secretary may not im-
25 pose a penalty on a State under subsection (a) with

1 respect to a requirement if the Secretary determines
2 that the State has reasonable cause for failing to
3 comply with the requirement.

4 “(2) EXCEPTION.—Paragraph (1) of this sub-
5 section shall not apply to any penalty under sub-
6 section (a)(5).

7 “(c) CORRECTIVE COMPLIANCE PLAN.—

8 “(1) IN GENERAL.—

9 “(A) NOTIFICATION OF VIOLATION.—Be-
10 fore imposing a penalty against a State under
11 subsection (a) with respect to a violation of this
12 part, the Secretary shall notify the State of the
13 violation and allow the State the opportunity to
14 enter into a corrective compliance plan in ac-
15 cordance with this subsection which outlines
16 how the State will correct the violation and how
17 the State will insure continuing compliance with
18 this part.

19 “(B) 60-DAY PERIOD TO PROPOSE A COR-
20 RECTIVE COMPLIANCE PLAN.—During the 60-
21 day period that begins on the date the State re-
22 ceives a notice provided under subparagraph
23 (A) with respect to a violation, the State may
24 submit to the Federal Government a corrective
25 compliance plan to correct the violation.

1 “(C) CONSULTATION ABOUT MODIFICA-
2 TIONS.—During the 60-day period that begins
3 with the date the Secretary receives a corrective
4 compliance plan submitted by a State in accord-
5 ance with subparagraph (B), the Secretary may
6 consult with the State on modifications to the
7 plan.

8 “(D) ACCEPTANCE OF PLAN.— A correc-
9 tive compliance plan submitted by a State in ac-
10 cordance with subparagraph (B) is deemed to
11 be accepted by the Secretary if the Secretary
12 does not accept or reject the plan during 60-day
13 period that begins on the date the plan is sub-
14 mitted.

15 “(2) EFFECT OF CORRECTING VIOLATION.—
16 The Secretary may not impose any penalty under
17 subsection (a) with respect to any violation covered
18 by a State corrective compliance plan accepted by
19 the Secretary if the State corrects the violation pur-
20 suant to the plan.

21 “(3) EFFECT OF FAILING TO CORRECT VIOLA-
22 TION.—The Secretary shall assess some or all of a
23 penalty imposed on a State under subsection (a)
24 with respect to a violation if the State does not, in
25 a timely manner, correct the violation pursuant to a

1 State corrective compliance plan accepted by the
2 Secretary.

3 “(d) LIMITATION ON AMOUNT OF PENALTY.—

4 “(1) IN GENERAL.—In imposing the penalties
5 described in subsection (a), the Secretary shall not
6 reduce any quarterly payment to a State by more
7 than 25 percent.

8 “(2) CARRYFORWARD OF UNRECOVERED PEN-
9 ALTIES.—To the extent that paragraph (1) of this
10 subsection prevents the Secretary from recovering
11 during a fiscal year the full amount of penalties im-
12 posed on a State under subsection (a) of this section
13 for a prior fiscal year, the Secretary shall apply any
14 remaining amount of such penalties to the grant
15 payable to the State under section 403(a)(1) for the
16 immediately succeeding fiscal year.

17 “(e) OTHER PENALTIES.—If, after reasonable notice
18 and opportunity for hearing to the State agency admin-
19 istering or supervising the administration of a State pro-
20 gram funded under this part, the Secretary finds that the
21 State has failed to comply substantially with any provision
22 of this part or of the State plan approved under section
23 402, the Secretary shall, if subsection (a) does not apply
24 to the failure, notify the State agency that further pay-
25 ments will not be made to the State under this part (or,

1 in the Secretary's discretion, that the payments will be re-
2 duced or limited to categories under, or parts of, the State
3 program not affected by the failure) until the Secretary
4 is satisfied that there is no longer any such failure to com-
5 ply. Until the Secretary is so satisfied, the Secretary shall
6 make no further payments to the State (or shall reduce
7 or limit payments to categories under or parts of the State
8 program not affected by the failure).

9 **“SEC. 410. APPEAL OF ADVERSE DECISION.**

10 “(a) IN GENERAL.—Within 5 days after the date the
11 Secretary takes any adverse action under this part with
12 respect to a State, the Secretary shall notify the chief ex-
13 ecutive officer of the State of the adverse action, including
14 any action with respect to the State plan submitted under
15 section 402 or the imposition of a penalty under section
16 409.

17 “(b) ADMINISTRATIVE REVIEW.—

18 “(1) IN GENERAL.—Within 60 days after the
19 date a State receives notice under subsection (a) of
20 an adverse action, the State may appeal the action,
21 in whole or in part, to the Departmental Appeals
22 Board established in the Department of Health and
23 Human Services (in this section referred to as the
24 ‘Board’) by filing an appeal with the Board.

1 “(2) PROCEDURAL RULES.—The Board shall
2 consider an appeal filed by a State under paragraph
3 (1) on the basis of such documentation as the State
4 may submit and as the Board may require to sup-
5 port the final decision of the Board. In deciding
6 whether to uphold an adverse action or any portion
7 of such an action, the Board shall conduct a thor-
8 ough review of the issues and take into account all
9 relevant evidence. The Board shall make a final de-
10 termination with respect to an appeal filed under
11 paragraph (1) not less than 60 days after the date
12 the appeal is filed.

13 “(c) JUDICIAL REVIEW OF ADVERSE DECISION.—

14 “(1) IN GENERAL.—Within 90 days after the
15 date of a final decision by the Board under this sec-
16 tion with respect to an adverse action taken against
17 a State, the State may obtain judicial review of the
18 final decision (and the findings incorporated into the
19 final decision) by filing an action in—

20 “(A) the district court of the United States
21 for the judicial district in which the principal or
22 headquarters office of the State agency is lo-
23 cated; or

24 “(B) the United States District Court for
25 the District of Columbia.

1 “(2) PROCEDURAL RULES.—The district court
2 in which an action is filed under paragraph (1) shall
3 review the final decision of the Board on the record
4 established in the administrative proceeding, in ac-
5 cordance with the standards of review prescribed by
6 subparagraphs (A) through (E) of section 706(2) of
7 title 5, United States Code. The review shall be on
8 the basis of the documents and supporting data sub-
9 mitted to the Board.

10 **“SEC. 411. DATA COLLECTION AND REPORTING.**

11 “(a) QUARTERLY REPORTS BY STATES.—

12 “(1) GENERAL REPORTING REQUIREMENT.—

13 “(A) CONTENTS OF REPORT.—Beginning
14 July 1, 1996, each State shall collect on a
15 monthly basis, and report to the Secretary on
16 a quarterly basis, the following disaggregated
17 case record information on the families receiv-
18 ing assistance under the State program funded
19 under this part:

20 “(i) The county of residence of the
21 family.

22 “(ii) Whether a child receiving such
23 assistance or an adult in the family is dis-
24 abled.

1 “(iii) The ages of the members of
2 such families.

3 “(iv) The number of individuals in the
4 family, and the relation of each family
5 member to the youngest child in the fam-
6 ily.

7 “(v) The employment status and earn-
8 ings of the employed adult in the family.

9 “(vi) The marital status of the adults
10 in the family, including whether such
11 adults have never married, are widowed, or
12 are divorced.

13 “(vii) The race and educational status
14 of each adult in the family.

15 “(viii) The race and educational sta-
16 tus of each child in the family.

17 “(ix) Whether the family received sub-
18 sidized housing, medical assistance under
19 the State plan approved under title XIX,
20 food stamps, or subsidized child care, and
21 if the latter 2, the amount received.

22 “(x) The number of months that the
23 family has received each type of assistance
24 under the program.

1 “(xi) If the adults participated in, and
2 the number of hours per week of participa-
3 tion in, the following activities:

4 “(I) Education.

5 “(II) Subsidized private sector
6 employment.

7 “(III) Unsubsidized employment.

8 “(IV) Public sector employment,
9 work experience, or community serv-
10 ice.

11 “(V) Job search.

12 “(VI) Job skills training or on-
13 the-job training.

14 “(VII) Vocational education.

15 “(xii) Information necessary to cal-
16 culate participation rates under section
17 407.

18 “(xiii) The type and amount of assist-
19 ance received under the program, including
20 the amount of and reason for any reduc-
21 tion of assistance (including sanctions).

22 “(xiv) From a sample of closed cases,
23 whether the family left the program, and if
24 so, whether the family left due to—

25 “(I) employment;

1 “(II) marriage;

2 “(III) the prohibition set forth in
3 section 408(a)(8);

4 “(IV) sanction; or

5 “(V) State policy.

6 “(xv) Any amount of unearned income
7 received by any member of the family.

8 “(xvi) The citizenship of the members
9 of the family.

10 “(B) USE OF ESTIMATES.—

11 “(i) AUTHORITY.—A State may com-
12 ply with subparagraph (A) by submitting
13 an estimate which is obtained through the
14 use of scientifically acceptable sampling
15 methods approved by the Secretary.

16 “(ii) SAMPLING AND OTHER METH-
17 ODS.—The Secretary shall provide the
18 States with such case sampling plans and
19 data collection procedures as the Secretary
20 deems necessary to produce statistically
21 valid estimates of the performance of State
22 programs funded under this part. The Sec-
23 retary may develop and implement proce-
24 dures for verifying the quality of data sub-
25 mitted by the States.

1 “(2) REPORT ON USE OF FEDERAL FUNDS TO
2 COVER ADMINISTRATIVE COSTS AND OVERHEAD.—
3 The report required by paragraph (1) for a fiscal
4 quarter shall include a statement of the percentage
5 of the funds paid to the State under this part for
6 the quarter that are used to cover administrative
7 costs or overhead.

8 “(3) REPORT ON STATE EXPENDITURES ON
9 PROGRAMS FOR NEEDY FAMILIES.—The report re-
10 quired by paragraph (1) for a fiscal quarter shall in-
11 clude a statement of the total amount expended by
12 the State during the quarter on programs for needy
13 families.

14 “(4) REPORT ON NONCUSTODIAL PARENTS PAR-
15 TICIPATING IN WORK ACTIVITIES.—The report re-
16 quired by paragraph (1) for a fiscal quarter shall in-
17 clude the number of noncustodial parents in the
18 State who participated in work activities (as defined
19 in section 407(d)) during the quarter.

20 “(5) REPORT ON TRANSITIONAL SERVICES.—
21 The report required by paragraph (1) for a fiscal
22 quarter shall include the total amount expended by
23 the State during the quarter to provide transitional
24 services to a family that has ceased to receive assist-

1 ance under this part because of employment, along
2 with a description of such services.

3 “(6) REGULATIONS.—The Secretary shall pre-
4 scribe such regulations as may be necessary to de-
5 fine the data elements with respect to which reports
6 are required by this subsection.

7 “(b) ANNUAL REPORTS TO THE CONGRESS BY THE
8 SECRETARY.—Not later than 6 months after the end of
9 fiscal year 1997, and each fiscal year thereafter, the Sec-
10 retary shall transmit to the Congress a report describ-
11 ing—

12 “(1) whether the States are meeting—

13 “(A) the participation rates described in
14 section 407(a); and

15 “(B) the objectives of—

16 “(i) increasing employment and earn-
17 ings of needy families, and child support
18 collections; and

19 “(ii) decreasing out-of-wedlock preg-
20 nancies and child poverty;

21 “(2) the demographic and financial characteris-
22 tics of families applying for assistance, families re-
23 ceiving assistance, and families that become ineli-
24 gible to receive assistance;

1 “(3) the characteristics of each State program
2 funded under this part; and

3 “(4) the trends in employment and earnings of
4 needy families with minor children living at home.

5 **“SEC. 412. DIRECT FUNDING AND ADMINISTRATION BY IN-**
6 **DIAN TRIBES.**

7 “(a) GRANTS FOR INDIAN TRIBES.—

8 “(1) TRIBAL FAMILY ASSISTANCE GRANT.—

9 “(A) IN GENERAL.—For each of fiscal
10 years 1997, 1998, 1999, and 2000, the Sec-
11 retary shall pay to each Indian tribe that has
12 an approved tribal family assistance plan a trib-
13 al family assistance grant for the fiscal year in
14 an amount equal to the amount determined
15 under subparagraph (B), and shall reduce the
16 grant payable under section 403(a)(1) to any
17 State in which lies the service area or areas of
18 the Indian tribe by that portion of the amount
19 so determined that is attributable to expendi-
20 tures by the State.

21 “(B) AMOUNT DETERMINED.—

22 “(i) IN GENERAL.—The amount de-
23 termined under this subparagraph is an
24 amount equal to the total amount of the
25 Federal payments to a State or States

1 under section 403 (as in effect during such
2 fiscal year) for fiscal year 1994 attrib-
3 utable to expenditures (other than child
4 care expenditures) by the State or States
5 under parts A and F (as so in effect) for
6 fiscal year 1994 for Indian families resid-
7 ing in the service area or areas identified
8 by the Indian tribe pursuant to subsection
9 (b)(1)(C) of this section.

10 “(ii) USE OF STATE SUBMITTED
11 DATA.—

12 “(I) IN GENERAL.—The Sec-
13 retary shall use State submitted data
14 to make each determination under
15 clause (i).

16 “(II) DISAGREEMENT WITH DE-
17 TERMINATION.—If an Indian tribe or
18 tribal organization disagrees with
19 State submitted data described under
20 subclause (I), the Indian tribe or trib-
21 al organization may submit to the
22 Secretary such additional information
23 as may be relevant to making the de-
24 termination under clause (i) and the
25 Secretary may consider such informa-

1 tion before making such determina-
2 tion.

3 “(2) GRANTS FOR INDIAN TRIBES THAT RE-
4 CEIVED JOBS FUNDS.—

5 “(A) IN GENERAL.—The Secretary shall
6 pay to each eligible Indian tribe for each of fis-
7 cal years 1996, 1997, 1998, 1999, and 2000 a
8 grant in an amount equal to the amount re-
9 ceived by the Indian tribe in fiscal year 1994
10 under section 482(i) (as in effect during fiscal
11 year 1994).

12 “(B) ELIGIBLE INDIAN TRIBE.—For pur-
13 poses of subparagraph (A), the term ‘eligible
14 Indian tribe’ means an Indian tribe or Alaska
15 Native organization that conducted a job oppor-
16 tunities and basic skills training program in fis-
17 cal year 1995 under section 482(i) (as in effect
18 during fiscal year 1995).

19 “(C) USE OF GRANT.—Each Indian tribe
20 to which a grant is made under this paragraph
21 shall use the grant for the purpose of operating
22 a program to make work activities available to
23 members of the Indian tribe.

24 “(D) APPROPRIATION.—Out of any money
25 in the Treasury of the United States not other-

1 wise appropriated, there are appropriated
2 \$7,638,474 for each fiscal year specified in sub-
3 paragraph (A) for grants under subparagraph
4 (A).

5 “(b) 3-YEAR TRIBAL FAMILY ASSISTANCE PLAN.—

6 “(1) IN GENERAL.—Any Indian tribe that de-
7 sires to receive a tribal family assistance grant shall
8 submit to the Secretary a 3-year tribal family assist-
9 ance plan that—

10 “(A) outlines the Indian tribe’s approach
11 to providing welfare-related services for the 3-
12 year period, consistent with this section;

13 “(B) specifies whether the welfare-related
14 services provided under the plan will be pro-
15 vided by the Indian tribe or through agree-
16 ments, contracts, or compacts with intertribal
17 consortia, States, or other entities;

18 “(C) identifies the population and service
19 area or areas to be served by such plan;

20 “(D) provides that a family receiving as-
21 sistance under the plan may not receive duplica-
22 tive assistance from other State or tribal pro-
23 grams funded under this part;

24 “(E) identifies the employment opportuni-
25 ties in or near the service area or areas of the

1 Indian tribe and the manner in which the In-
2 dian tribe will cooperate and participate in en-
3 hancing such opportunities for recipients of as-
4 sistance under the plan consistent with any ap-
5 plicable State standards; and

6 “(F) applies the fiscal accountability provi-
7 sions of section 5(f)(1) of the Indian Self-De-
8 termination and Education Assistance Act (25
9 U.S.C. 450c(f)(1)), relating to the submission
10 of a single-agency audit report required by
11 chapter 75 of title 31, United States Code.

12 “(2) APPROVAL.—The Secretary shall approve
13 each tribal family assistance plan submitted in ac-
14 cordance with paragraph (1).

15 “(3) CONSORTIUM OF TRIBES.—Nothing in this
16 section shall preclude the development and submis-
17 sion of a single tribal family assistance plan by the
18 participating Indian tribes of an intertribal consor-
19 tium.

20 “(c) MINIMUM WORK PARTICIPATION REQUIRE-
21 MENTS AND TIME LIMITS.—The Secretary, with the par-
22 ticipation of Indian tribes, shall establish for each Indian
23 tribe receiving a grant under this section minimum work
24 participation requirements, appropriate time limits for re-

1 ceipt of welfare-related services under the grant, and pen-
2 alties against individuals—

3 “(1) consistent with the purposes of this sec-
4 tion;

5 “(2) consistent with the economic conditions
6 and resources available to each tribe; and

7 “(3) similar to comparable provisions in section
8 407(d).

9 “(d) EMERGENCY ASSISTANCE.—Nothing in this sec-
10 tion shall preclude an Indian tribe from seeking emergency
11 assistance from any Federal loan program or emergency
12 fund.

13 “(e) ACCOUNTABILITY.—Nothing in this section shall
14 be construed to limit the ability of the Secretary to main-
15 tain program funding accountability consistent with—

16 “(1) generally accepted accounting principles;
17 and

18 “(2) the requirements of the Indian Self-Deter-
19 mination and Education Assistance Act (25 U.S.C.
20 450 et seq.).

21 “(f) PENALTIES.—Subsections (a)(4), (b), and (e) of
22 section 409 shall apply to an Indian tribe with an ap-
23 proved tribal assistance plan in the same manner as such
24 subsections apply to a State.

1 “(g) DATA COLLECTION AND REPORTING.—Section
 2 411 shall apply to an Indian tribe with an approved tribal
 3 family assistance plan.

4 “(h) SPECIAL RULE FOR INDIAN TRIBES IN ALAS-
 5 KA.—

6 “(1) IN GENERAL.—Notwithstanding any other
 7 provision of this section, and except as provided in
 8 paragraph (2), an Indian tribe in the State of Alas-
 9 ka that receives a tribal family assistance grant
 10 under this section shall use the grant to operate a
 11 program in accordance with requirements com-
 12 parable to the requirements applicable to the pro-
 13 gram of the State of Alaska funded under this part.
 14 Comparability of programs shall be established on
 15 the basis of program criteria developed by the Sec-
 16 retary in consultation with the State of Alaska and
 17 such Indian tribes.

18 “(2) WAIVER.—An Indian tribe described in
 19 paragraph (1) may apply to the appropriate State
 20 authority to receive a waiver of the requirement of
 21 paragraph (1).

22 **“SEC. 413. RESEARCH, EVALUATIONS, AND NATIONAL STUD-**
 23 **IES.**

24 “(a) RESEARCH.—The Secretary shall conduct re-
 25 search on the benefits, effects, and costs of operating dif-

1 ferent State programs funded under this part, including
2 time limits relating to eligibility for assistance. The re-
3 search shall include studies on the effects of different pro-
4 grams and the operation of such programs on welfare de-
5 pendency, illegitimacy, teen pregnancy, employment rates,
6 child well-being, and any other area the Secretary deems
7 appropriate. The Secretary shall also conduct research on
8 the costs and benefits of State activities under section
9 409.

10 “(b) DEVELOPMENT AND EVALUATION OF INNOVA-
11 TIVE APPROACHES TO REDUCING WELFARE DEPEND-
12 ENCY AND INCREASING CHILD WELL-BEING.—

13 “(1) IN GENERAL.—The Secretary may assist
14 States in developing, and shall evaluate, innovative
15 approaches for reducing welfare dependency and in-
16 creasing the well-being of minor children living at
17 home with respect to recipients of assistance under
18 programs funded under this part. The Secretary
19 may provide funds for training and technical assist-
20 ance to carry out the approaches developed pursuant
21 to this paragraph.

22 “(2) EVALUATIONS.—In performing the evalua-
23 tions under paragraph (1), the Secretary shall, to
24 the maximum extent feasible, use random assign-
25 ment as an evaluation methodology.

1 “(c) DISSEMINATION OF INFORMATION.—The Sec-
2 retary shall develop innovative methods of disseminating
3 information on any research, evaluations, and studies con-
4 ducted under this section, including the facilitation of the
5 sharing of information and best practices among States
6 and localities through the use of computers and other
7 technologies.

8 “(d) ANNUAL RANKING OF STATES AND REVIEW OF
9 MOST AND LEAST SUCCESSFUL WORK PROGRAMS.—

10 “(1) ANNUAL RANKING OF STATES.—The Sec-
11 retary shall rank annually the States to which
12 grants are paid under section 403 in the order of
13 their success in placing recipients of assistance
14 under the State program funded under this part into
15 long-term private sector jobs, reducing the overall
16 welfare caseload, and, when a practicable method for
17 calculating this information becomes available, di-
18 verting individuals from formally applying to the
19 State program and receiving assistance. In ranking
20 States under this subsection, the Secretary shall
21 take into account the average number of minor chil-
22 dren living at home in families in the State that
23 have incomes below the poverty line and the amount
24 of funding provided each State for such families.

1 “(2) ANNUAL REVIEW OF MOST AND LEAST
 2 SUCCESSFUL WORK PROGRAMS.—The Secretary shall
 3 review the programs of the 3 States most recently
 4 ranked highest under paragraph (1) and the 3
 5 States most recently ranked lowest under paragraph
 6 (1) that provide parents with work experience, as-
 7 sistance in finding employment, and other work
 8 preparation activities and support services to enable
 9 the families of such parents to leave the program
 10 and become self-sufficient.

11 “(e) ANNUAL RANKING OF STATES AND REVIEW OF
 12 ISSUES RELATING TO OUT-OF-WEDLOCK BIRTHS.—

13 “(1) ANNUAL RANKING OF STATES.—

14 “(A) IN GENERAL.—The Secretary shall
 15 annually rank States to which grants are made
 16 under section 403 based on the following rank-
 17 ing factors:

18 “(i) ABSOLUTE OUT-OF-WEDLOCK RA-
 19 TIOS.—The ratio represented by—

20 “(I) the total number of out-of-
 21 wedlock births in families receiving as-
 22 sistance under the State program
 23 under this part in the State for the
 24 most recent fiscal year for which in-
 25 formation is available; over

1 “(II) the total number of births
2 in families receiving assistance under
3 the State program under this part in
4 the State for such year.

5 “(ii) NET CHANGES IN THE OUT-OF-
6 WEDLOCK RATIO.—The difference between
7 the ratio described in subparagraph (A)(i)
8 with respect to a State for the most recent
9 fiscal year for which such information is
10 available and the ratio with respect to the
11 State for the immediately preceding year.

12 “(2) ANNUAL REVIEW.—The Secretary shall re-
13 view the programs of the 5 States most recently
14 ranked highest under paragraph (1) and the 5
15 States most recently ranked the lowest under para-
16 graph (1).

17 “(f) STATE-INITIATED EVALUATIONS.—A State shall
18 be eligible to receive funding to evaluate the State pro-
19 gram funded under this part if—

20 “(1) the State submits a proposal to the Sec-
21 retary for the evaluation;

22 “(2) the Secretary determines that the design
23 and approach of the evaluation is rigorous and is
24 likely to yield information that is credible and will
25 be useful to other States; and

1 “(3) unless otherwise waived by the Secretary,
2 the State contributes to the cost of the evaluation,
3 from non-Federal sources, an amount equal to at
4 least 10 percent of the cost of the evaluation.

5 “(g) FUNDING OF STUDIES AND DEMONSTRA-
6 TIONS.—

7 “(1) IN GENERAL.—Out of any money in the
8 Treasury of the United States not otherwise appro-
9 priated, there are appropriated \$15,000,000 for each
10 fiscal year specified in section 403(a)(1) for the pur-
11 pose of paying—

12 “(A) the cost of conducting the research
13 described in subsection (a);

14 “(B) the cost of developing and evaluating
15 innovative approaches for reducing welfare de-
16 pendency and increasing the well-being of minor
17 children under subsection (b);

18 “(C) the Federal share of any State-initi-
19 ated study approved under subsection (f); and

20 “(D) an amount determined by the Sec-
21 retary to be necessary to operate and evaluate
22 demonstration projects, relating to this part,
23 that are in effect or approved under section
24 1115 as of September 30, 1995, and are contin-
25 ued after such date.

1 “(2) ALLOCATION.—Of the amount appro-
2 priated under paragraph (1) for a fiscal year—

3 “(A) 50 percent shall be allocated for the
4 purposes described in subparagraphs (A) and
5 (B) of paragraph (1), and

6 “(B) 50 percent shall be allocated for the
7 purposes described in subparagraphs (C) and
8 (D) of paragraph (1).

9 **“SEC. 414. STUDY BY THE CENSUS BUREAU.**

10 “(a) IN GENERAL.—The Bureau of the Census shall
11 expand the Survey of Income and Program Participation
12 as necessary to obtain such information as will enable in-
13 terested persons to evaluate the impact of the amendments
14 made by title I of the Bipartisan Welfare Reform Act of
15 1996 on a random national sample of recipients of assist-
16 ance under State programs funded under this part and
17 (as appropriate) other low income families, and in doing
18 so, shall pay particular attention to the issues of out-of-
19 wedlock birth, welfare dependency, the beginning and end
20 of welfare spells, and the causes of repeat welfare spells.

21 “(b) APPROPRIATION.—Out of any money in the
22 Treasury of the United States not otherwise appropriated,
23 there are appropriated \$10,000,000 for each of fiscal
24 years 1996, 1997, 1998, 1999, 2000, 2001, and 2002 for

1 payment to the Bureau of the Census to carry out sub-
2 section (a).

3 **“SEC. 415. WAIVERS.**

4 “(a) CONTINUATION OF WAIVERS.—

5 “(1) WAIVERS IN EFFECT ON DATE OF ENACT-
6 MENT OF WELFARE REFORM.—Except as provided
7 in paragraph (3), if any waiver granted to a State
8 under section 1115 or otherwise which relates to the
9 provision of assistance under a State plan under this
10 part (as in effect on September 30, 1995) is in ef-
11 fect as of the date of the enactment of the Biparti-
12 san Welfare Reform Act of 1996, the amendments
13 made by such Act shall not apply with respect to the
14 State before the expiration (determined without re-
15 gard to any extensions) of the waiver to the extent
16 such amendments are inconsistent with the waiver.

17 “(2) WAIVERS GRANTED SUBSEQUENTLY.—Ex-
18 cept as provided in paragraph (3), if any waiver
19 granted to a State under section 1115 or otherwise
20 which relates to the provision of assistance under a
21 State plan under this part (as in effect on Septem-
22 ber 30, 1995) is submitted to the Secretary before
23 the date of the enactment of the Bipartisan Welfare
24 Reform Act of 1996 and approved by the Secretary
25 before the effective date of this title, and the State

1 demonstrates to the satisfaction of the Secretary
2 that the waiver will not result in Federal expendi-
3 tures under title IV of this Act (as in effect without
4 regard to the amendments made by the Bipartisan
5 Welfare Reform Act of 1996) that are greater than
6 would occur in the absence of the waiver, such
7 amendments shall not apply with respect to the
8 State before the expiration (determined without re-
9 gard to any extensions) of the waiver to the extent
10 such amendments are inconsistent with the waiver.

11 “(3) FINANCING LIMITATION.—Notwithstand-
12 ing any other provision of law, beginning with fiscal
13 year 1996, a State operating under a waiver de-
14 scribed in paragraph (1) shall be entitled to payment
15 under section 403 for the fiscal year, in lieu of any
16 other payment provided for in the waiver.

17 “(b) STATE OPTION TO TERMINATE WAIVER.—

18 “(1) IN GENERAL.—A State may terminate a
19 waiver described in subsection (a) before the expira-
20 tion of the waiver.

21 “(2) REPORT.—A State which terminates a
22 waiver under paragraph (1) shall submit a report to
23 the Secretary summarizing the waiver and any avail-
24 able information concerning the result or effect of
25 the waiver.

1 “(3) HOLD HARMLESS PROVISION.—

2 “(A) IN GENERAL.—Notwithstanding any
3 other provision of law, a State that, not later
4 than the date described in subparagraph (B),
5 submits a written request to terminate a waiver
6 described in subsection (a) shall be held harm-
7 less for accrued cost neutrality liabilities in-
8 curred under the waiver.

9 “(B) DATE DESCRIBED.—The date de-
10 scribed in this subparagraph is the later of—

11 “(i) January 1, 1996; or

12 “(ii) 90 days following the adjourn-
13 ment of the first regular session of the
14 State legislature that begins after the date
15 of the enactment of the Bipartisan Welfare
16 Reform Act of 1996.

17 “(c) SECRETARIAL ENCOURAGEMENT OF CURRENT
18 WAIVERS.—The Secretary shall encourage any State oper-
19 ating a waiver described in subsection (a) to continue the
20 waiver and to evaluate, using random sampling and other
21 characteristics of accepted scientific evaluations, the result
22 or effect of the waiver.

23 “(d) CONTINUATION OF INDIVIDUAL WAIVERS.—A
24 State may elect to continue 1 or more individual waivers
25 described in subsection (a).

1 **“SEC. 416. ASSISTANT SECRETARY FOR FAMILY SUPPORT.**

2 “The programs under this part and part D shall be
3 administered by an Assistant Secretary for Family Sup-
4 port within the Department of Health and Human Serv-
5 ices, who shall be appointed by the President, by and with
6 the advice and consent of the Senate, and who shall be
7 in addition to any other Assistant Secretary of Health and
8 Human Services provided for by law.

9 **“SEC. 417. DEFINITIONS.**

10 “As used in this part:

11 “(1) ADULT.—The term ‘adult’ means an indi-
12 vidual who is not a minor child.

13 “(2) MINOR CHILD.—The term ‘minor child’
14 means an individual who—

15 “(A) has not attained 18 years of age; or

16 “(B) has not attained 19 years of age and
17 is a full-time student in a secondary school (or
18 in the equivalent level of vocational or technical
19 training).

20 “(3) FISCAL YEAR.—The term ‘fiscal year’
21 means any 12-month period ending on September 30
22 of a calendar year.

23 “(4) INDIAN, INDIAN TRIBE, AND TRIBAL ORGA-
24 NIZATION.—

25 “(A) IN GENERAL.—Except as provided in
26 subparagraph (B), the terms ‘Indian’, ‘Indian

1 tribe’, and ‘tribal organization’ have the mean-
2 ing given such terms by section 4 of the Indian
3 Self-Determination and Education Assistance
4 Act (25 U.S.C. 450b).

5 “(B) SPECIAL RULE FOR INDIAN TRIBES
6 IN ALASKA.—The term ‘Indian tribe’ means,
7 with respect to the State of Alaska, only the
8 Metlakatla Indian Community of the Annette
9 Islands Reserve and the following Alaska Native
10 regional nonprofit corporations:

11 “(i) Arctic Slope Native Association.

12 “(ii) Kawerak, Inc.

13 “(iii) Maniilaq Association.

14 “(iv) Association of Village Council
15 Presidents.

16 “(v) Tanana Chiefs Conference.

17 “(vi) Cook Inlet Tribal Council.

18 “(vii) Bristol Bay Native Association.

19 “(viii) Aleutian and Pribilof Island
20 Association.

21 “(ix) Chugachmuit.

22 “(x) Tlingit Haida Central Council.

23 “(xi) Kodiak Area Native Association.

24 “(xii) Copper River Native Associa-
25 tion.

1 “(5) STATE.—Except as otherwise specifically
2 provided, the term ‘State’ means the 50 States of
3 the United States, the District of Columbia, the
4 Commonwealth of Puerto Rico, the United States
5 Virgin Islands, Guam, and American Samoa.”.

6 **SEC. 104. SERVICES PROVIDED BY CHARITABLE, RELI-**
7 **GIOUS, OR PRIVATE ORGANIZATIONS.**

8 (a) IN GENERAL.—

9 (1) STATE OPTIONS.—A State may—

10 (A) administer and provide services under
11 the programs described in subparagraphs (A)
12 and (B)(i) of paragraph (2) through contracts
13 with charitable, religious, or private organiza-
14 tions; and

15 (B) provide beneficiaries of assistance
16 under the programs described in subparagraphs
17 (A) and (B)(ii) of paragraph (2) with certifi-
18 cates, vouchers, or other forms of disbursement
19 which are redeemable with such organizations.

20 (2) PROGRAMS DESCRIBED.—The programs de-
21 scribed in this paragraph are the following pro-
22 grams:

23 (A) A State program funded under part A
24 of title IV of the Social Security Act (as amend-
25 ed by section 103 of this Act).

1 (B) Any other program established or
2 modified under title I, II, or VI of this Act,
3 that—

4 (i) permits contracts with organiza-
5 tions; or

6 (ii) permits certificates, vouchers, or
7 other forms of disbursement to be provided
8 to beneficiaries, as a means of providing
9 assistance.

10 (b) RELIGIOUS ORGANIZATIONS.—The purpose of
11 this section is to allow States to contract with religious
12 organizations, or to allow religious organizations to accept
13 certificates, vouchers, or other forms of disbursement
14 under any program described in subsection (a)(2), on the
15 same basis as any other nongovernmental provider without
16 impairing the religious character of such organizations,
17 and without diminishing the religious freedom of bene-
18 ficiaries of assistance funded under such program.

19 (c) NONDISCRIMINATION AGAINST RELIGIOUS ORGA-
20 NIZATIONS.—In the event a State exercises its authority
21 under subsection (a), religious organizations are eligible,
22 on the same basis as any other private organization, as
23 contractors to provide assistance, or to accept certificates,
24 vouchers, or other forms of disbursement, under any pro-
25 gram described in subsection (a)(2) so long as the pro-

1 grams are implemented consistent with the Establishment
2 Clause of the United States Constitution. Except as pro-
3 vided in subsection (k), neither the Federal Government
4 nor a State receiving funds under such programs shall dis-
5 criminate against an organization which is or applies to
6 be a contractor to provide assistance, or which accepts cer-
7 tificates, vouchers, or other forms of disbursement, on the
8 basis that the organization has a religious character.

9 (d) RELIGIOUS CHARACTER AND FREEDOM.—

10 (1) RELIGIOUS ORGANIZATIONS.—A religious
11 organization with a contract described in subsection
12 (a)(1)(A), or which accepts certificates, vouchers, or
13 other forms of disbursement under subsection
14 (a)(1)(B), shall retain its independence from Fed-
15 eral, State, and local governments, including such
16 organization's control over the definition, develop-
17 ment, practice, and expression of its religious beliefs.

18 (2) ADDITIONAL SAFEGUARDS.—Neither the
19 Federal Government nor a State shall require a reli-
20 gious organization to—

21 (A) alter its form of internal governance;

22 or

23 (B) remove religious art, icons, scripture,

24 or other symbols;

1 in order to be eligible to contract to provide assist-
2 ance, or to accept certificates, vouchers, or other
3 forms of disbursement, funded under a program de-
4 scribed in subsection (a)(2).

5 (e) RIGHTS OF BENEFICIARIES OF ASSISTANCE.—

6 (1) IN GENERAL.—If an individual described in
7 paragraph (2) has an objection to the religious char-
8 acter of the organization or institution from which
9 the individual receives, or would receive, assistance
10 funded under any program described in subsection
11 (a)(2), the State in which the individual resides shall
12 provide such individual (if otherwise eligible for such
13 assistance) within a reasonable period of time after
14 the date of such objection with assistance from an
15 alternative provider that is accessible to the individ-
16 ual and the value of which is not less than the value
17 of the assistance which the individual would have re-
18 ceived from such organization.

19 (2) INDIVIDUAL DESCRIBED.—An individual de-
20 scribed in this paragraph is an individual who re-
21 ceives, applies for, or requests to apply for, assist-
22 ance under a program described in subsection (a)(2).

23 (f) EMPLOYMENT PRACTICES.—A religious organiza-
24 tion's exemption provided under section 702 of the Civil
25 Rights Act of 1964 (42 U.S.C. 2000e–1a) regarding em-

1 ployment practices shall not be affected by its participa-
2 tion in, or receipt of funds from, programs described in
3 subsection (a)(2).

4 (g) NONDISCRIMINATION AGAINST BENE-
5 FICIARIES.—Except as otherwise provided in law, a reli-
6 gious organization shall not discriminate against an indi-
7 vidual in regard to rendering assistance funded under any
8 program described in subsection (a)(2) on the basis of reli-
9 gion, a religious belief, or refusal to actively participate
10 in a religious practice.

11 (h) FISCAL ACCOUNTABILITY.—

12 (1) IN GENERAL.—Except as provided in para-
13 graph (2), any religious organization contracting to
14 provide assistance funded under any program de-
15 scribed in subsection (a)(2) shall be subject to the
16 same regulations as other contractors to account in
17 accord with generally accepted auditing principles
18 for the use of such funds provided under such pro-
19 grams.

20 (2) LIMITED AUDIT.—If such organization seg-
21 regates Federal funds provided under such programs
22 into separate accounts, then only the financial as-
23 sistance provided with such funds shall be subject to
24 audit.

1 (i) COMPLIANCE.—Any party which seeks to enforce
 2 its rights under this section may assert a civil action for
 3 injunctive relief exclusively in an appropriate State court
 4 against the entity or agency that allegedly commits such
 5 violation.

6 (j) LIMITATIONS ON USE OF FUNDS FOR CERTAIN
 7 PURPOSES.—No funds provided directly to institutions or
 8 organizations to provide services and administer programs
 9 under subsection (a)(1)(A) shall be expended for sectarian
 10 worship, instruction, or proselytization.

11 (k) PREEMPTION.—Nothing in this section shall be
 12 construed to preempt any provision of a State constitution
 13 or State statute that prohibits or restricts the expenditure
 14 of State funds in or by religious organizations.

15 **SEC. 105. CENSUS DATA ON GRANDPARENTS AS PRIMARY**
 16 **CAREGIVERS FOR THEIR GRANDCHILDREN.**

17 (a) IN GENERAL.—Not later than 90 days after the
 18 date of the enactment of this Act, the Secretary of Com-
 19 merce, in carrying out section 141 of title 13, United
 20 States Code, shall expand the data collection efforts of the
 21 Bureau of the Census (in this section referred to as the
 22 “Bureau”) to enable the Bureau to collect statistically sig-
 23 nificant data, in connection with its decennial census and
 24 its mid-decade census, concerning the growing trend of

1 grandparents who are the primary caregivers for their
2 grandchildren.

3 (b) EXPANDED CENSUS QUESTION.—In carrying out
4 subsection (a), the Secretary of Commerce shall expand
5 the Bureau’s census question that details households
6 which include both grandparents and their grandchildren.
7 The expanded question shall be formulated to distinguish
8 between the following households:

9 (1) A household in which a grandparent tempo-
10 rarily provides a home for a grandchild for a period
11 of weeks or months during periods of parental dis-
12 tress.

13 (2) A household in which a grandparent pro-
14 vides a home for a grandchild and serves as the pri-
15 mary caregiver for the grandchild.

16 **SEC. 106. REPORT ON DATA PROCESSING.**

17 (a) IN GENERAL.—Within 6 months after the date
18 of the enactment of this Act, the Secretary of Health and
19 Human Services shall prepare and submit to the Congress
20 a report on—

21 (1) the status of the automated data processing
22 systems operated by the States to assist manage-
23 ment in the administration of State programs under
24 part A of title IV of the Social Security Act (wheth-
25 er in effect before or after October 1, 1995); and

1 (2) what would be required to establish a sys-
2 tem capable of—

3 (A) tracking participants in public pro-
4 grams over time; and

5 (B) checking case records of the States to
6 determine whether individuals are participating
7 in public programs of 2 or more States.

8 (b) PREFERRED CONTENTS.—The report required by
9 subsection (a) should include—

10 (1) a plan for building on the automated data
11 processing systems of the States to establish a sys-
12 tem with the capabilities described in subsection
13 (a)(2); and

14 (2) an estimate of the amount of time required
15 to establish such a system and of the cost of estab-
16 lishing such a system.

17 **SEC. 107. STUDY ON ALTERNATIVE OUTCOMES MEASURES.**

18 (a) STUDY.—The Secretary shall, in cooperation with
19 the States, study and analyze outcomes measures for eval-
20 uating the success of the States in moving individuals out
21 of the welfare system through employment as an alter-
22 native to the minimum participation rates described in
23 section 407 of the Social Security Act. The study shall
24 include a determination as to whether such alternative
25 outcomes measures should be applied on a national or a

1 State-by-State basis and a preliminary assessment of the
2 effects of section 409(a)(5)(C) of such Act.

3 (b) REPORT.—Not later than September 30, 1998,
4 the Secretary shall submit to the Committee on Finance
5 of the Senate and the Committee on Ways and Means of
6 the House of Representatives a report containing the find-
7 ings of the study required by subsection (a).

8 **SEC. 108. CONFORMING AMENDMENTS TO THE SOCIAL SE-**
9 **CURITY ACT.**

10 (a) AMENDMENTS TO TITLE II.—

11 (1) Section 205(c)(2)(C)(vi) (42 U.S.C.
12 405(c)(2)(C)(vi)), as so redesignated by section
13 321(a)(9)(B) of the Social Security Independence
14 and Program Improvements Act of 1994, is amend-
15 ed—

16 (A) by inserting “an agency administering
17 a program funded under part A of title IV or”
18 before “an agency operating”; and

19 (B) by striking “A or D of title IV of this
20 Act” and inserting “D of such title”.

21 (2) Section 228(d)(1) (42 U.S.C. 428(d)(1)) is
22 amended by inserting “under a State program fund-
23 ed under” before “part A of title IV”.

24 (b) AMENDMENT TO PART B OF TITLE IV.—Section
25 422(b)(2) (42 U.S.C. 622(b)(2)) is amended by striking

1 “under the State plan approved” and inserting “under the
2 State program funded.”.

3 (c) AMENDMENTS TO PART D OF TITLE IV.—

4 (1) Section 451 (42 U.S.C. 651) is amended by
5 striking “aid” and inserting “assistance under a
6 State program funded”.

7 (2) Section 452(a)(10)(C) (42 U.S.C.
8 652(a)(10)(C)) is amended—

9 (A) by striking “aid to families with de-
10 pendent children” and inserting “assistance
11 under a State program funded under part A”;

12 (B) by striking “such aid” and inserting
13 “such assistance”; and

14 (C) by striking “under section 402(a)(26)
15 or” and inserting “pursuant to section
16 408(a)(4) or under section”.

17 (3) Section 452(a)(10)(F) (42 U.S.C.
18 652(a)(10)(F)) is amended—

19 (A) by striking “aid under a State plan ap-
20 proved” and inserting “assistance under a State
21 program funded”; and

22 (B) by striking “in accordance with the
23 standards referred to in section
24 402(a)(26)(B)(ii)” and inserting “by the
25 State”.

1 (4) Section 452(b) (42 U.S.C. 652(b)) is
2 amended in the first sentence by striking “aid under
3 the State plan approved under part A” and inserting
4 “assistance under the State program funded under
5 part A”.

6 (5) Section 452(d)(3)(B)(i) (42 U.S.C.
7 652(d)(3)(B)(i)) is amended by striking “1115(c)”
8 and inserting “1115(b)”.

9 (6) Section 452(g)(2)(A)(ii)(I) (42 U.S.C.
10 652(g)(2)(A)(ii)(I)) is amended by striking “aid is
11 being paid under the State’s plan approved under
12 part A or E” and inserting “assistance is being pro-
13 vided under the State program funded under part
14 A”.

15 (7) Section 452(g)(2)(A) (42 U.S.C.
16 652(g)(2)(A)) is amended in the matter following
17 clause (iii) by striking “aid was being paid under the
18 State’s plan approved under part A or E” and in-
19 serting “assistance was being provided under the
20 State program funded under part A”.

21 (8) Section 452(g)(2) (42 U.S.C. 652(g)(2)) is
22 amended in the matter following subparagraph
23 (B)—

24 (A) by striking “who is a dependent child”
25 and inserting “with respect to whom assistance

1 is being provided under the State program
2 funded under part A”;

3 (B) by inserting “by the State agency ad-
4 ministering the State plan approved under this
5 part” after “found”; and

6 (C) by striking “under section 402(a)(26)”
7 and inserting “with the State in establishing
8 paternity”.

9 (9) Section 452(h) (42 U.S.C. 652(h)) is
10 amended by striking “under section 402(a)(26)” and
11 inserting “pursuant to section 408(a)(4)”.

12 (10) Section 453(c)(3) (42 U.S.C. 653(c)(3)) is
13 amended by striking “aid under part A of this title”
14 and inserting “assistance under a State program
15 funded under part A”.

16 (11) Section 454(5)(A) (42 U.S.C. 654(5)(A))
17 is amended—

18 (A) by striking “under section 402(a)(26)”
19 and inserting “pursuant to section 408(a)(4)”;
20 and

21 (B) by striking “; except that this para-
22 graph shall not apply to such payments for any
23 month following the first month in which the
24 amount collected is sufficient to make such
25 family ineligible for assistance under the State

1 plan approved under part A;” and inserting a
2 comma.

3 (12) Section 454(6)(D) (42 U.S.C. 654(6)(D))
4 is amended by striking “aid under a State plan ap-
5 proved” and inserting “assistance under a State pro-
6 gram funded”.

7 (13) Section 456(a)(1) (42 U.S.C. 656(a)(1)) is
8 amended by striking “under section 402(a)(26)”.

9 (14) Section 466(a)(3)(B) (42 U.S.C.
10 666(a)(3)(B)) is amended by striking “402(a)(26)”
11 and inserting “408(a)(4)”.

12 (15) Section 466(b)(2) (42 U.S.C. 666(b)(2)) is
13 amended by striking “aid” and inserting “assistance
14 under a State program funded”.

15 (16) Section 469(a) (42 U.S.C. 669(a)) is
16 amended—

17 (A) by striking “aid under plans approved”
18 and inserting “assistance under State programs
19 funded”; and

20 (B) by striking “such aid” and inserting
21 “such assistance”.

22 (d) AMENDMENTS TO PART E OF TITLE IV.—

23 (1) Section 470 (42 U.S.C. 670) is amended—

24 (A) by striking “would be” and inserting
25 “would have been”; and

1 (B) by inserting “(as such plan was in ef-
2 fect on March 1, 1996)” after “part A”.

3 (2) Section 471(17) (42 U.S.C. 671(17)) is
4 amended by striking “plans approved under parts A
5 and D” and inserting “program funded under part
6 A and plan approved under part D”.

7 (3) Section 472(a) (42 U.S.C. 672(a)) is
8 amended—

9 (A) in the matter preceding paragraph
10 (1)—

11 (i) by striking “would meet” and in-
12 serting “would have met”;

13 (ii) by inserting “(as such sections
14 were in effect on June 1, 1995)” after
15 “407”; and

16 (iii) by inserting “(as so in effect)”
17 after “406(a)”; and

18 (B) in paragraph (4)—

19 (i) in subparagraph (A)—

20 (I) by inserting “would have”
21 after “(A)”; and

22 (II) by inserting “(as in effect on
23 June 1, 1995)” after “section 402”;
24 and

1 (ii) in subparagraph (B)(ii), by insert-
2 ing “(as in effect on June 1, 1995)” after
3 “406(a)”.

4 (4) Section 472(h) (42 U.S.C. 672(h)) is
5 amended to read as follows:

6 “(h)(1) For purposes of title XIX, any child with re-
7 spect to whom foster care maintenance payments are
8 made under this section shall be deemed to be a dependent
9 child as defined in section 406 (as in effect as of June
10 1, 1995) and shall be deemed to be a recipient of aid to
11 families with dependent children under part A of this title
12 (as so in effect). For purposes of title XX, any child with
13 respect to whom foster care maintenance payments are
14 made under this section shall be deemed to be a minor
15 child in a needy family under a State program funded
16 under part A and shall be deemed to be a recipient of
17 assistance under such part.

18 “(2) For purposes of paragraph (1), a child whose
19 costs in a foster family home or child care institution are
20 covered by the foster care maintenance payments being
21 made with respect to the child’s minor parent, as provided
22 in section 475(4)(B), shall be considered a child with re-
23 spect to whom foster care maintenance payments are
24 made under this section.”.

1 (5) Section 473(a)(2) (42 U.S.C. 673(a)(2)) is
2 amended—

3 (A) in subparagraph (A)(i)—

4 (i) by inserting “(as such sections
5 were in effect on June 1, 1995)” after
6 “407”;

7 (ii) by inserting “(as so in effect)”
8 after “specified in section 406(a)”; and

9 (iii) by inserting “(as such section was
10 in effect on June 1, 1995)” after “403”;

11 (B) in subparagraph (B)(i)—

12 (i) by inserting “would have” after
13 “(B)(i)”; and

14 (ii) by inserting “(as in effect on June
15 1, 1995)” after “section 402”; and

16 (C) in subparagraph (B)(ii)(II), by insert-
17 ing “(as in effect on June 1, 1995)” after
18 “406(a)”.

19 (6) Section 473(b) (42 U.S.C. 673(b)) is
20 amended to read as follows:

21 “(b)(1) For purposes of title XIX, any child who is
22 described in paragraph (3) shall be deemed to be a de-
23 pendent child as defined in section 406 (as in effect as
24 of June 1, 1995) and shall be deemed to be a recipient
25 of aid to families with dependent children under part A

1 of this title (as so in effect) in the State where such child
2 resides.

3 “(2) For purposes of title XX, any child who is de-
4 scribed in paragraph (3) shall be deemed to be a minor
5 child in a needy family under a State program funded
6 under part A and shall be deemed to be a recipient of
7 assistance under such part.

8 “(3) A child described in this paragraph is any
9 child—

10 “(A)(i) who is a child described in subsection
11 (a)(2), and

12 “(ii) with respect to whom an adoption assist-
13 ance agreement is in effect under this section
14 (whether or not adoption assistance payments are
15 provided under the agreement or are being made
16 under this section), including any such child who has
17 been placed for adoption in accordance with applica-
18 ble State and local law (whether or not an interlocu-
19 tory or other judicial decree of adoption has been is-
20 sued), or

21 “(B) with respect to whom foster care mainte-
22 nance payments are being made under section 472.

23 “(4) For purposes of paragraphs (1) and (2), a child
24 whose costs in a foster family home or child-care institu-
25 tion are covered by the foster care maintenance payments

1 being made with respect to the child’s minor parent, as
 2 provided in section 475(4)(B), shall be considered a child
 3 with respect to whom foster care maintenance payments
 4 are being made under section 472.”.

5 (e) REPEAL OF PART F OF TITLE IV.—Part F of
 6 title IV (42 U.S.C. 681–687) is repealed.

7 (f) AMENDMENT TO TITLE X.—Section 1002(a)(7)
 8 (42 U.S.C. 1202(a)(7)) is amended by striking “aid to
 9 families with dependent children under the State plan ap-
 10 proved under section 402 of this Act” and inserting “as-
 11 sistance under a State program funded under part A of
 12 title IV”.

13 (g) AMENDMENTS TO TITLE XI.—

14 (1) Section 1108 (42 U.S.C. 1308) is amend-
 15 ed—

16 (A) by redesignating subsection (c) as sub-
 17 section (g);

18 (B) by striking all that precedes subsection

19 (c) and inserting the following:

20 **“SEC. 1108. ADDITIONAL GRANTS TO PUERTO RICO, THE**
 21 **VIRGIN ISLANDS, GUAM, AND AMERICAN**
 22 **SAMOA; LIMITATION ON TOTAL PAYMENTS.**

23 **“(a) LIMITATION ON TOTAL PAYMENTS TO EACH**
 24 **TERRITORY.—**Notwithstanding any other provision of this
 25 Act, the total amount certified by the Secretary of Health

1 and Human Services under titles I, X, XIV, and XVI,
2 under parts A and B of title IV, and under subsection
3 (b) of this section, for payment to any territory for a fiscal
4 year shall not exceed the ceiling amount for the territory
5 for the fiscal year.

6 “(b) ENTITLEMENT TO MATCHING GRANT.—

7 “(1) IN GENERAL.—Each territory shall be en-
8 titled to receive from the Secretary for each fiscal
9 year a grant in an amount equal to 75 percent of
10 the amount (if any) by which—

11 “(A) the total expenditures of the territory
12 during the fiscal year under the territory pro-
13 grams funded under parts A and B of title IV;
14 exceeds

15 “(B) the sum of—

16 “(i) the total amount required to be
17 paid to the territory (other than with re-
18 spect to child care) under former section
19 403 (as in effect on September 30, 1995)
20 for fiscal year 1995, which shall be deter-
21 mined by applying subparagraphs (C) and
22 (D) of section 403(a)(1) to the territory;

23 “(ii) the total amount required to be
24 paid to the territory under former section

1 434 (as so in effect) for fiscal year 1995;
2 and

3 “(iii) the total amount expended by
4 the territory during fiscal year 1995 pur-
5 suant to parts A, B, and F of title IV (as
6 so in effect), other than for child care.

7 “(2) USE OF GRANT.—Any territory to which a
8 grant is made under paragraph (1) may expend the
9 amount under any program operated or funded
10 under any provision of law specified in subsection
11 (a).

12 “(c) DEFINITIONS.—As used in this section:

13 “(1) TERRITORY.—The term ‘territory’ means
14 Puerto Rico, the Virgin Islands, Guam, and Amer-
15 ican Samoa.

16 “(2) CEILING AMOUNT.—The term ‘ceiling
17 amount’ means, with respect to a territory and a fis-
18 cal year, the mandatory ceiling amount with respect
19 to the territory plus the discretionary ceiling amount
20 with respect to the territory, reduced for the fiscal
21 year in accordance with subsection (f).

22 “(3) MANDATORY CEILING AMOUNT.—The term
23 ‘mandatory ceiling amount’ means—

24 “(A) \$105,538,000 with respect to Puerto
25 Rico;

1 “(B) \$4,902,000 with respect to Guam;

2 “(C) \$3,742,000 with respect to the Virgin
3 Islands; and

4 “(D) \$1,122,000 with respect to American
5 Samoa.

6 “(4) DISCRETIONARY CEILING AMOUNT.—The
7 term ‘discretionary ceiling amount’ means, with re-
8 spect to a territory and a fiscal year, the total
9 amount appropriated pursuant to subsection (d)(3)
10 for the fiscal year for payment to the territory.

11 “(5) TOTAL AMOUNT EXPENDED BY THE TER-
12 RITORY.—The term ‘total amount expended by the
13 territory’—

14 “(A) does not include expenditures during
15 the fiscal year from amounts made available by
16 the Federal Government; and

17 “(B) when used with respect to fiscal year
18 1995, also does not include—

19 “(i) expenditures during fiscal year
20 1995 under subsection (g) or (i) of section
21 402 (as in effect on September 30, 1995);
22 or

23 “(ii) any expenditures during fiscal
24 year 1995 for which the territory (but for
25 section 1108, as in effect on September 30,

1 1995) would have received reimbursement
2 from the Federal Government.

3 “(d) DISCRETIONARY GRANTS.—

4 “(1) IN GENERAL.—The Secretary shall make a
5 grant to each territory for any fiscal year in the
6 amount appropriated pursuant to paragraph (3) for
7 the fiscal year for payment to the territory.

8 “(2) USE OF GRANT.—Any territory to which a
9 grant is made under paragraph (1) may expend the
10 amount under any program operated or funded
11 under any provision of law specified in subsection
12 (a).

13 “(3) LIMITATION ON AUTHORIZATION OF AP-
14 PROPRIATIONS.—For grants under paragraph (1),
15 there are authorized to be appropriated to the Sec-
16 retary for each fiscal year—

17 “(A) \$7,951,000 for payment to Puerto
18 Rico;

19 “(B) \$345,000 for payment to Guam;

20 “(C) \$275,000 for payment to the Virgin
21 Islands; and

22 “(D) \$190,000 for payment to American
23 Samoa.

24 “(e) AUTHORITY TO TRANSFER FUNDS AMONG PRO-
25 GRAMS.—Notwithstanding any other provision of this Act,

1 any territory to which an amount is paid under any provi-
2 sion of law specified in subsection (a) may use part or
3 all of the amount to carry out any program operated by
4 the territory, or funded, under any other such provision
5 of law.

6 “(f) MAINTENANCE OF EFFORT.—The ceiling
7 amount with respect to a territory shall be reduced for
8 a fiscal year by an amount equal to the amount (if any)
9 by which—

10 “(1) the total amount expended by the territory
11 under all programs of the territory operated pursu-
12 ant to the provisions of law specified in subsection
13 (a) (as such provisions were in effect for fiscal year
14 1995) for fiscal year 1995; exceeds

15 “(2) the total amount expended by the territory
16 under all programs of the territory that are funded
17 under the provisions of law specified in subsection
18 (a) for the fiscal year that immediately precedes the
19 fiscal year referred to in the matter preceding para-
20 graph (1).”; and

21 (C) by striking subsections (d) and (e).

22 (2) Section 1109 (42 U.S.C. 1309) is amended
23 by striking “or part A of title IV,”.

24 (3) Section 1115 (42 U.S.C. 1315) is amend-
25 ed—

1 (A) in subsection (a)(2)—

2 (i) by inserting “(A)” after “(2)”;

3 (ii) by striking “403,”;

4 (iii) by striking the period at the end
5 and inserting “, and”; and

6 (iv) by adding at the end the following
7 new subparagraph:

8 “(B) costs of such project which would not oth-
9 erwise be a permissible use of funds under part A
10 of title IV and which are not included as part of the
11 costs of projects under section 1110, shall to the ex-
12 tent and for the period prescribed by the Secretary,
13 be regarded as a permissible use of funds under
14 such part.”; and

15 (B) in subsection (c)(3), by striking
16 “under the program of aid to families with de-
17 pendent children” and inserting “part A of
18 such title”.

19 (4) Section 1116 (42 U.S.C. 1316) is amend-
20 ed—

21 (A) in each of subsections (a)(1), (b), and
22 (d), by striking “or part A of title IV,”; and

23 (B) in subsection (a)(3), by striking
24 “404,”.

1 (5) Section 1118 (42 U.S.C. 1318) is amend-
2 ed—

3 (A) by striking “403(a),”;

4 (B) by striking “and part A of title IV,”;

5 and

6 (C) by striking “, and shall, in the case of
7 American Samoa, mean 75 per centum with re-
8 spect to part A of title IV”.

9 (6) Section 1119 (42 U.S.C. 1319) is amend-
10 ed—

11 (A) by striking “or part A of title IV”; and

12 (B) by striking “403(a),”.

13 (7) Section 1133(a) (42 U.S.C. 1320b–3(a)) is
14 amended by striking “or part A of title IV,”.

15 (8) Section 1136 (42 U.S.C. 1320b–6) is re-
16 pealed.

17 (9) Section 1137 (42 U.S.C. 1320b–7) is
18 amended—

19 (A) in subsection (b), by striking para-
20 graph (1) and inserting the following:

21 “(1) any State program funded under part A of
22 title IV of this Act;” and

23 (B) in subsection (d)(1)(B)—

- 1 (i) by striking “In this subsection—”
 2 and all that follows through “(ii) in” and
 3 inserting “In this subsection, in”;
 4 (ii) by redesignating subclauses (I),
 5 (II), and (III) as clauses (i), (ii), and (iii);
 6 and
 7 (iii) by moving such redesignated ma-
 8 terial 2 ems to the left.

9 (h) AMENDMENT TO TITLE XIV.—Section
 10 1402(a)(7) (42 U.S.C. 1352(a)(7)) is amended by striking
 11 “aid to families with dependent children under the State
 12 plan approved under section 402 of this Act” and insert-
 13 ing “assistance under a State program funded under part
 14 A of title IV”.

15 (i) AMENDMENT TO TITLE XVI AS IN EFFECT WITH
 16 RESPECT TO THE TERRITORIES.—Section 1602(a)(11),
 17 as in effect without regard to the amendment made by
 18 section 301 of the Social Security Amendments of 1972
 19 (42 U.S.C. 1382 note), is amended by striking “aid under
 20 the State plan approved” and inserting “assistance under
 21 a State program funded”.

22 (j) AMENDMENT TO TITLE XVI AS IN EFFECT WITH
 23 RESPECT TO THE STATES.—Section 1611(c)(5)(A) (42
 24 U.S.C. 1382(c)(5)(A)) is amended to read as follows: “(A)
 25 a State program funded under part A of title IV,”.

1 (k) AMENDMENT TO TITLE XIX.—Section 1902(j)
 2 (42 U.S.C. 1396a(j)) is amended by striking “1108(c)”
 3 and inserting “1108(g)”.

4 **SEC. 109. CONFORMING AMENDMENTS TO THE FOOD**
 5 **STAMP ACT OF 1977 AND RELATED PROVI-**
 6 **SIONS.**

7 (a) Section 5 of the Food Stamp Act of 1977 (7
 8 U.S.C. 2014) is amended—

9 (1) in the second sentence of subsection (a), by
 10 striking “plan approved” and all that follows
 11 through “title IV of the Social Security Act” and in-
 12 serting “program funded under part A of title IV of
 13 the Social Security Act (42 U.S.C. 601 et seq.)”;

14 (2) in subsection (d)—

15 (A) in paragraph (5), by striking “assist-
 16 ance to families with dependent children” and
 17 inserting “assistance under a State program
 18 funded”; and

19 (B) by striking paragraph (13) and redес-
 20 ignating paragraphs (14), (15), and (16) as
 21 paragraphs (13), (14), and (15), respectively;

22 (3) in subsection (j), by striking “plan approved
 23 under part A of title IV of such Act (42 U.S.C. 601
 24 et seq.)” and inserting “program funded under part

1 A of title IV of the Act (42 U.S.C. 601 et seq.)”;
2 and

3 (4) by striking subsection (m).

4 (b) Section 6 of such Act (7 U.S.C. 2015) is amend-
5 ed—

6 (1) in subsection (c)(5), by striking “the State
7 plan approved” and inserting “the State program
8 funded”; and

9 (2) in subsection (e)(6), by striking “aid to
10 families with dependent children” and inserting
11 “benefits under a State program funded”.

12 (c) Section 16(g)(4) of such Act (7 U.S.C.
13 2025(g)(4)) is amended by striking “State plans under the
14 Aid to Families with Dependent Children Program under”
15 and inserting “State programs funded under part A of”.

16 (d) Section 17 of such Act (7 U.S.C. 2026) is amend-
17 ed—

18 (1) in the first sentence of subsection (b)(1)(A),
19 by striking “to aid to families with dependent chil-
20 dren under part A of title IV of the Social Security
21 Act” and inserting “or are receiving assistance
22 under a State program funded under part A of title
23 IV of the Social Security Act (42 U.S.C. 601 et
24 seq.)”; and

1 (2) in subsection (b)(3), by adding at the end
2 the following new subparagraph:

3 “(I) The Secretary may not grant a waiver
4 under this paragraph on or after October 1, 1995.
5 Any reference in this paragraph to a provision of
6 title IV of the Social Security Act shall be deemed
7 to be a reference to such provision as in effect on
8 September 30, 1995.”;

9 (e) Section 20 of such Act (7 U.S.C. 2029) is amend-
10 ed—

11 (1) in subsection (a)(2)(B) by striking “operat-
12 ing—” and all that follows through “(ii) any other”
13 and inserting “operating any”; and

14 (2) in subsection (b)—

15 (A) in paragraph (1)—

16 (i) by striking “(b)(1) A household”
17 and inserting “(b) A household”; and

18 (ii) in subparagraph (B), by striking
19 “training program” and inserting “activ-
20 ity”;

21 (B) by striking paragraph (2); and

22 (C) by redesignating subparagraphs (A)
23 through (F) as paragraphs (1) through (6), re-
24 spectively.

1 (f) Section 5(h)(1) of the Agriculture and Consumer
2 Protection Act of 1973 (Public Law 93–186; 7 U.S.C.
3 612c note) is amended by striking “the program for aid
4 to families with dependent children” and inserting “the
5 State program funded”.

6 (g) Section 9 of the National School Lunch Act (42
7 U.S.C. 1758) is amended—

8 (1) in subsection (b)—

9 (A) in paragraph (2)(C)(ii)(II)—

10 (i) by striking “program for aid to
11 families with dependent children” and in-
12 serting “State program funded”; and

13 (ii) by inserting before the period at
14 the end the following: “that the Secretary
15 determines complies with standards estab-
16 lished by the Secretary that ensure that
17 the standards under the State program are
18 comparable to or more restrictive than
19 those in effect on March 1, 1996”; and

20 (B) in paragraph (6)—

21 (i) in subparagraph (A)(ii)—

22 (I) by striking “an AFDC assist-
23 ance unit (under the aid to families
24 with dependent children program au-
25 thorized” and inserting “a family

1 (under the State program funded”;
2 and

3 (II) by striking “, in a State”
4 and all that follows through
5 “9902(2)))” and inserting “that the
6 Secretary determines complies with
7 standards established by the Secretary
8 that ensure that the standards under
9 the State program are comparable to
10 or more restrictive than those in effect
11 on March 1, 1996”; and

12 (ii) in subparagraph (B), by striking
13 “aid to families with dependent children”
14 and inserting “assistance under the State
15 program funded under part A of title IV of
16 the Social Security Act (42 U.S.C. 601 et
17 seq.) that the Secretary determines com-
18 plies with standards established by the
19 Secretary that ensure that the standards
20 under the State program are comparable
21 to or more restrictive than those in effect
22 on March 1, 1996”; and

23 (2) in subsection (d)(2)(C)—

1 (A) by striking “program for aid to fami-
2 lies with dependent children” and inserting
3 “State program funded”; and

4 (B) by inserting before the period at the
5 end the following: “that the Secretary deter-
6 mines complies with standards established by
7 the Secretary that ensure that the standards
8 under the State program are comparable to or
9 more restrictive than those in effect on June 1,
10 1995”.

11 (h) Section 17(d)(2)(A)(ii)(II) of the Child Nutrition
12 Act of 1966 (42 U.S.C. 1786(d)(2)(A)(ii)(II)) is amend-
13 ed—

14 (1) by striking “program for aid to families
15 with dependent children established” and inserting
16 “State program funded”; and

17 (2) by inserting before the semicolon the follow-
18 ing: “that the Secretary determines complies with
19 standards established by the Secretary that ensure
20 that the standards under the State program are
21 comparable to or more restrictive than those in ef-
22 fect on June 1, 1995”.

23 **SEC. 110. CONFORMING AMENDMENTS TO OTHER LAWS.**

24 (a) Subsection (b) of section 508 of the Unemploy-
25 ment Compensation Amendments of 1976 (42 U.S.C.

1 603a; Public Law 94–566; 90 Stat. 2689) is amended to
2 read as follows:

3 “(b) PROVISION FOR REIMBURSEMENT OF EX-
4 PENSES.—For purposes of section 455 of the Social Secu-
5 rity Act, expenses incurred to reimburse State employment
6 offices for furnishing information requested of such of-
7 fices—

8 “(1) pursuant to the third sentence of section
9 3(a) of the Act entitled ‘An Act to provide for the
10 establishment of a national employment system and
11 for cooperation with the States in the promotion of
12 such system, and for other purposes’, approved June
13 6, 1933 (29 U.S.C. 49b(a)), or

14 “(2) by a State or local agency charged with
15 the duty of carrying a State plan for child support
16 approved under part D of title IV of the Social Se-
17 curity Act,

18 shall be considered to constitute expenses incurred in the
19 administration of such State plan.”.

20 (b) Section 9121 of the Omnibus Budget Reconcili-
21 ation Act of 1987 (42 U.S.C. 602 note) is repealed.

22 (c) Section 9122 of the Omnibus Budget Reconcili-
23 ation Act of 1987 (42 U.S.C. 602 note) is repealed.

24 (d) Section 221 of the Housing and Urban-Rural Re-
25 covery Act of 1983 (42 U.S.C. 602 note), relating to treat-

1 ment under AFDC of certain rental payments for federally
2 assisted housing, is repealed.

3 (e) Section 159 of the Tax Equity and Fiscal Respon-
4 sibility Act of 1982 (42 U.S.C. 602 note) is repealed.

5 (f) Section 202(d) of the Social Security Amendments
6 of 1967 (81 Stat. 882; 42 U.S.C. 602 note) is repealed.

7 (g) Section 903 of the Stewart B. McKinney Home-
8 less Assistance Amendments Act of 1988 (42 U.S.C.
9 11381 note), relating to demonstration projects to reduce
10 number of AFDC families in welfare hotels, is amended—

11 (1) in subsection (a), by striking “aid to fami-
12 lies with dependent children under a State plan ap-
13 proved” and inserting “assistance under a State pro-
14 gram funded”; and

15 (2) in subsection (c), by striking “aid to fami-
16 lies with dependent children in the State under a
17 State plan approved” and inserting “assistance in
18 the State under a State program funded”.

19 (h) The Higher Education Act of 1965 (20 U.S.C.
20 1001 et seq.) is amended—

21 (1) in section 404C(c)(3) (20 U.S.C. 1070a–
22 23(c)(3)), by striking “(Aid to Families with De-
23 pendent Children)”; and

24 (2) in section 480(b)(2) (20 U.S.C.
25 1087vv(b)(2)), by striking “aid to families with de-

1 pendent children under a State plan approved” and
2 inserting “assistance under a State program fund-
3 ed”.

4 (i) The Carl D. Perkins Vocational and Applied Tech-
5 nology Education Act (20 U.S.C. 2301 et seq.) is amend-
6 ed—

7 (1) in section 231(d)(3)(A)(ii) (20 U.S.C.
8 2341(d)(3)(A)(ii)), by striking “the program for aid
9 to dependent children” and inserting “the State pro-
10 gram funded”;

11 (2) in section 232(b)(2)(B) (20 U.S.C.
12 2341a(b)(2)(B)), by striking “the program for aid to
13 families with dependent children” and inserting “the
14 State program funded”; and

15 (3) in section 521(14)(B)(iii) (20 U.S.C.
16 2471(14)(B)(iii)), by striking “the program for aid
17 to families with dependent children” and inserting
18 “the State program funded”.

19 (j) The Elementary and Secondary Education Act of
20 1965 (20 U.S.C. 2701 et seq.) is amended—

21 (1) in section 1113(a)(5) (20 U.S.C.
22 6313(a)(5)), by striking “Aid to Families with De-
23 pendent Children Program” and inserting “State
24 program funded under part A of title IV of the So-
25 cial Security Act”;

1 (2) in section 1124(c)(5) (20 U.S.C.
2 6333(c)(5)), by striking “the program of aid to fam-
3 ilies with dependent children under a State plan ap-
4 proved under” and inserting “a State program fund-
5 ed under part A of”; and

6 (3) in section 5203(b)(2) (20 U.S.C.
7 7233(b)(2))—

8 (A) in subparagraph (A)(xi), by striking
9 “Aid to Families with Dependent Children ben-
10 efits” and inserting “assistance under a State
11 program funded under part A of title IV of the
12 Social Security Act”; and

13 (B) in subparagraph (B)(viii), by striking
14 “Aid to Families with Dependent Children” and
15 inserting “assistance under the State program
16 funded under part A of title IV of the Social
17 Security Act”.

18 (k) Chapter VII of title I of Public Law 99–88 (25
19 U.S.C. 13d–1) is amended to read as follows: “*Provided*
20 *further*, That general assistance payments made by the
21 Bureau of Indian Affairs shall be made—

22 “(1) after April 29, 1985, and before October
23 1, 1995, on the basis of Aid to Families with De-
24 pendent Children (AFDC) standards of need; and

1 “(2) on and after October 1, 1995, on the basis
2 of standards of need established under the State
3 program funded under part A of title IV of the So-
4 cial Security Act,
5 except that where a State ratably reduces its AFDC or
6 State program payments, the Bureau shall reduce general
7 assistance payments in such State by the same percentage
8 as the State has reduced the AFDC or State program pay-
9 ment.”.

10 (l) The Internal Revenue Code of 1986 (26 U.S.C.
11 1 et seq.) is amended—

12 (1) in section 51(d)(9) (26 U.S.C. 51(d)(9)), by
13 striking all that follows “agency as” and inserting
14 “being eligible for financial assistance under part A
15 of title IV of the Social Security Act and as having
16 continually received such financial assistance during
17 the 90-day period which immediately precedes the
18 date on which such individual is hired by the em-
19 ployer.”;

20 (2) in section 3304(a)(16) (26 U.S.C.
21 3304(a)(16)), by striking “eligibility for aid or serv-
22 ices,” and all that follows through “children ap-
23 proved” and inserting “eligibility for assistance, or
24 the amount of such assistance, under a State pro-
25 gram funded”;

1 (3) in section 6103(l)(7)(D)(i) (26 U.S.C.
 2 6103(l)(7)(D)(i)), by striking “aid to families with
 3 dependent children provided under a State plan ap-
 4 proved” and inserting “a State program funded”;

5 (4) in section 6103(l)(10) (26 U.S.C.
 6 6103(l)(10))—

7 (A) by striking “(c) or (d)” each place it
 8 appears and inserting “(c), (d), or (e)”; and

9 (B) by adding at the end of subparagraph
 10 (B) the following new sentence: “Any return in-
 11 formation disclosed with respect to section
 12 6402(e) shall only be disclosed to officers and
 13 employees of the State agency requesting such
 14 information.”;

15 (5) in section 6103(p)(4) (26 U.S.C.
 16 6103(p)(4)), in the matter preceding subparagraph
 17 (A)—

18 (A) by striking “(5), (10)” and inserting
 19 “(5)”; and

20 (B) by striking “(9), or (12)” and insert-
 21 ing “(9), (10), or (12)”;

22 (6) in section 6334(a)(11)(A) (26 U.S.C.
 23 6334(a)(11)(A)), by striking “(relating to aid to
 24 families with dependent children)”;

25 (7) in section 6402 (26 U.S.C. 6402)—

1 (A) in subsection (a), by striking “(c) and
2 (d)” and inserting “(c), (d), and (e)”;

3 (B) by redesignating subsections (e)
4 through (i) as subsections (f) through (j), re-
5 spectively; and

6 (C) by inserting after subsection (d) the
7 following:

8 “(e) COLLECTION OF OVERPAYMENTS UNDER TITLE
9 IV–A OF THE SOCIAL SECURITY ACT.—The amount of
10 any overpayment to be refunded to the person making the
11 overpayment shall be reduced (after reductions pursuant
12 to subsections (c) and (d), but before a credit against fu-
13 ture liability for an internal revenue tax) in accordance
14 with section 405(e) of the Social Security Act (concerning
15 recovery of overpayments to individuals under State plans
16 approved under part A of title IV of such Act).”; and

17 (8) in section 7523(b)(3)(C) (26 U.S.C.
18 7523(b)(3)(C)), by striking “aid to families with de-
19 pendent children” and inserting “assistance under a
20 State program funded under part A of title IV of the
21 Social Security Act”.

22 (m) Section 3(b) of the Wagner-Peyser Act (29
23 U.S.C. 49b(b)) is amended by striking “State plan ap-
24 proved under part A of title IV” and inserting “State pro-
25 gram funded under part A of title IV”.

1 (n) The Job Training Partnership Act (29 U.S.C.
2 1501 et seq.) is amended—

3 (1) in section 4(29)(A)(i) (29 U.S.C.
4 1503(29)(A)(i)), by striking “(42 U.S.C. 601 et
5 seq.)”;

6 (2) in section 106(b)(6)(C) (29 U.S.C.
7 1516(b)(6)(C)), by striking “State aid to families
8 with dependent children records,” and inserting
9 “records collected under the State program funded
10 under part A of title IV of the Social Security Act,”;

11 (3) in section 121(b)(2) (29 U.S.C.
12 1531(b)(2))—

13 (A) by striking “the JOBS program” and
14 inserting “the work activities required under
15 title IV of the Social Security Act”; and

16 (B) by striking the second sentence;

17 (4) in section 123(c) (29 U.S.C. 1533(c))—

18 (A) in paragraph (1)(E), by repealing
19 clause (vi); and

20 (B) in paragraph (2)(D), by repealing
21 clause (v);

22 (5) in section 203(b)(3) (29 U.S.C.
23 1603(b)(3)), by striking “, including recipients
24 under the JOBS program”;

1 (6) in subparagraphs (A) and (B) of section
2 204(a)(1) (29 U.S.C. 1604(a)(1) (A) and (B)), by
3 striking “(such as the JOBS program)” each place
4 it appears;

5 (7) in section 205(a) (29 U.S.C. 1605(a)), by
6 striking paragraph (4) and inserting the following:

7 “(4) the portions of title IV of the Social Secu-
8 rity Act relating to work activities;”;

9 (8) in section 253 (29 U.S.C. 1632)—

10 (A) in subsection (b)(2), by repealing sub-
11 paragraph (C); and

12 (B) in paragraphs (1)(B) and (2)(B) of
13 subsection (c), by striking “the JOBS program
14 or” each place it appears;

15 (9) in section 264 (29 U.S.C. 1644)—

16 (A) in subparagraphs (A) and (B) of sub-
17 section (b)(1), by striking “(such as the JOBS
18 program)” each place it appears; and

19 (B) in subparagraphs (A) and (B) of sub-
20 section (d)(3), by striking “and the JOBS pro-
21 gram” each place it appears;

22 (10) in section 265(b) (29 U.S.C. 1645(b)), by
23 striking paragraph (6) and inserting the following:

24 “(6) the portion of title IV of the Social Secu-
25 rity Act relating to work activities;”;

1 (11) in the second sentence of section 429(e)
2 (29 U.S.C. 1699(e)), by striking “and shall be in an
3 amount that does not exceed the maximum amount
4 that may be provided by the State pursuant to sec-
5 tion 402(g)(1)(C) of the Social Security Act (42
6 U.S.C. 602(g)(1)(C))”;

7 (12) in section 454(e) (29 U.S.C. 1734(e)), by
8 striking “JOBS and”;

9 (13) in section 455(b) (29 U.S.C. 1735(b)), by
10 striking “the JOBS program,”;

11 (14) in section 501(1) (29 U.S.C. 1791(1)), by
12 striking “aid to families with dependent children
13 under part A of title IV of the Social Security Act
14 (42 U.S.C. 601 et seq.)” and inserting “assistance
15 under the State program funded under part A of
16 title IV of the Social Security Act”;

17 (15) in section 506(1)(A) (29 U.S.C.
18 1791e(1)(A)), by striking “aid to families with de-
19 pendent children” and inserting “assistance under
20 the State program funded”;

21 (16) in section 508(a)(2)(A) (29 U.S.C.
22 1791g(a)(2)(A)), by striking “aid to families with
23 dependent children” and inserting “assistance under
24 the State program funded”; and

1 (17) in section 701(b)(2)(A) (29 U.S.C.
2 1792(b)(2)(A))—

3 (A) in clause (v), by striking the semicolon
4 and inserting “; and”; and

5 (B) by striking clause (vi).

6 (o) Section 3803(c)(2)(C)(iv) of title 31, United
7 States Code, is amended to read as follows:

8 “(iv) assistance under a State pro-
9 gram funded under part A of title IV of
10 the Social Security Act”.

11 (p) Section 2605(b)(2)(A)(i) of the Low-Income
12 Home Energy Assistance Act of 1981 (42 U.S.C.
13 8624(b)(2)(A)(i)) is amended to read as follows:

14 “(i) assistance under the State pro-
15 gram funded under part A of title IV of
16 the Social Security Act;”.

17 (q) Section 303(f)(2) of the Family Support Act of
18 1988 (42 U.S.C. 602 note) is amended—

19 (1) by striking “(A)”; and

20 (2) by striking subparagraphs (B) and (C).

21 (r) The Balanced Budget and Emergency Deficit
22 Control Act of 1985 (2 U.S.C. 900 et seq.) is amended—

23 (1) in the first section 255(h) (2 U.S.C.
24 905(h)), by striking “Aid to families with dependent
25 children (75–0412–0–1–609);” and inserting “Block

1 grants to States for temporary assistance for needy
2 families;” and

3 (2) in section 256 (2 U.S.C. 906)—

4 (A) by striking subsection (k); and

5 (B) by redesignating subsection (l) as sub-
6 section (k).

7 (s) The Immigration and Nationality Act (8 U.S.C.
8 1101 et seq.) is amended—

9 (1) in section 210(f) (8 U.S.C. 1160(f)), by
10 striking “aid under a State plan approved under”
11 each place it appears and inserting “assistance
12 under a State program funded under”;

13 (2) in section 245A(h) (8 U.S.C. 1255a(h))—

14 (A) in paragraph (1)(A)(i), by striking
15 “program of aid to families with dependent chil-
16 dren” and inserting “State program of assist-
17 ance”; and

18 (B) in paragraph (2)(B), by striking “aid
19 to families with dependent children” and insert-
20 ing “assistance under a State program funded
21 under part A of title IV of the Social Security
22 Act”; and

23 (3) in section 412(e)(4) (8 U.S.C. 1522(e)(4)),
24 by striking “State plan approved” and inserting
25 “State program funded”.

1 (t) Section 640(a)(4)(B)(i) of the Head Start Act (42
 2 U.S.C. 9835(a)(4)(B)(i)) is amended by striking “pro-
 3 gram of aid to families with dependent children under a
 4 State plan approved” and inserting “State program of as-
 5 sistance funded”.

6 (u) Section 9 of the Act of April 19, 1950 (64 Stat.
 7 47, chapter 92; 25 U.S.C. 639) is repealed.

8 (v) Subparagraph (E) of section 213(d)(6) of the
 9 School-To-Work Opportunities Act of 1994 (20 U.S.C.
 10 6143(d)(6)) is amended to read as follows:

11 “(E) part A of title IV of the Social Secu-
 12 rity Act (42 U.S.C. 601 et seq.) relating to
 13 work activities;”.

14 (w) Section 552a(a)(8)(B)(iv)(III) of title 5, United
 15 States Code, is amended by striking “section 464 or 1137
 16 of the Social Security Act” and inserting “section 404(e),
 17 464, or 1137 of the Social Security Act.”.

18 **SEC. 111. DEVELOPMENT OF PROTOTYPE OF COUNTER-**
 19 **FEIT-RESISTANT SOCIAL SECURITY CARD RE-**
 20 **QUIRED.**

21 (a) DEVELOPMENT.—

22 (1) IN GENERAL.—The Commissioner of Social
 23 Security (in this section referred to as the “Commis-
 24 sioner”) shall, in accordance with this section, de-

1 develop a prototype of a counterfeit-resistant social se-
2 curity card. Such prototype card shall—

3 (A) be made of a durable, tamper-resistant
4 material such as plastic or polyester,

5 (B) employ technologies that provide secu-
6 rity features, such as magnetic stripes,
7 holograms, and integrated circuits, and

8 (C) be developed so as to provide individ-
9 uals with reliable proof of citizenship or legal
10 resident alien status.

11 (2) ASSISTANCE BY ATTORNEY GENERAL.—The
12 Attorney General of the United States shall provide
13 such information and assistance as the Commis-
14 sioner deems necessary to enable the Commissioner
15 to comply with this section.

16 (b) STUDY AND REPORT.—

17 (1) IN GENERAL.—The Commissioner shall con-
18 duct a study and issue a report to Congress which
19 examines different methods of improving the social
20 security card application process.

21 (2) ELEMENTS OF STUDY.—The study shall in-
22 clude an evaluation of the cost and work load impli-
23 cations of issuing a counterfeit-resistant social secu-
24 rity card for all individuals over a 3-, 5-, and 10-
25 year period. The study shall also evaluate the fea-

1 sibility and cost implications of imposing a user fee
2 for replacement cards and cards issued to individ-
3 uals who apply for such a card prior to the sched-
4 uled 3-, 5-, and 10-year phase-in options.

5 (3) DISTRIBUTION OF REPORT.—The Commis-
6 sioner shall submit copies of the report described in
7 this subsection along with a facsimile of the proto-
8 type card as described in subsection (a) to the Com-
9 mittees on Ways and Means and Judiciary of the
10 House of Representatives and the Committees on Fi-
11 nance and Judiciary of the Senate within 1 year
12 after the date of the enactment of this Act.

13 **SEC. 112. DISCLOSURE OF RECEIPT OF FEDERAL FUNDS.**

14 (a) IN GENERAL.—Whenever an organization that
15 accepts Federal funds under this Act or the amendments
16 made by this Act makes any communication that in any
17 way intends to promote public support or opposition to
18 any policy of a Federal, State, or local government
19 through any broadcasting station, newspaper, magazine,
20 outdoor advertising facility, direct mailing, or any other
21 type of general public advertising, such communication
22 shall state the following: “This was prepared and paid for
23 by an organization that accepts taxpayer dollars.”.

24 (b) FAILURE TO COMPLY.—If an organization makes
25 any communication described in subsection (a) and fails

1 to provide the statement required by that subsection, such
 2 organization shall be ineligible to receive Federal funds
 3 under this Act or the amendments made by this Act.

4 (c) DEFINITION.—For purposes of this section, the
 5 term “organization” means an organization described in
 6 section 501(c) of the Internal Revenue Code of 1986.

7 (d) EFFECTIVE DATES.—This section shall take ef-
 8 fect—

9 (1) with respect to printed communications 1
 10 year after the date of enactment of this Act; and

11 (2) with respect to any other communication on
 12 the date of enactment of this Act.

13 **SEC. 113. MODIFICATIONS TO THE JOB OPPORTUNITIES**
 14 **FOR CERTAIN LOW-INCOME INDIVIDUALS**
 15 **PROGRAM.**

16 Section 505 of the Family Support Act of 1988 (42
 17 U.S.C. 1315 note) is amended—

18 (1) in the heading, by striking “**DEM-**
 19 **ONSTRATION**”;

20 (2) by striking “demonstration” each place such
 21 term appears;

22 (3) in subsection (a), by striking “in each of
 23 fiscal years” and all that follows through “10” and
 24 inserting “shall enter into agreements with”;

1 (4) in subsection (b)(3), by striking “aid to
2 families with dependent children under part A of
3 title IV of the Social Security Act” and inserting
4 “assistance under the program funded part A of title
5 IV of the Social Security Act of the State in which
6 the individual resides”;

7 (5) in subsection (c)—

8 (A) in paragraph (1)(C), by striking “aid
9 to families with dependent children under part
10 A of title IV of the Social Security Act” and in-
11 serting “assistance under a State program
12 funded part A of title IV of the Social Security
13 Act”;

14 (B) in paragraph (2), by striking “aid to
15 families with dependent children under title IV
16 of such Act” and inserting “assistance under a
17 State program funded part A of title IV of the
18 Social Security Act”;

19 (6) in subsection (d), by striking “job opportu-
20 nities and basic skills training program (as provided
21 for under title IV of the Social Security Act)” and
22 inserting “the State program funded under part A
23 of title IV of the Social Security Act”; and

24 (7) by striking subsections (e) through (g) and
25 inserting the following:

1 “(e) AUTHORIZATION OF APPROPRIATIONS.—For the
 2 purpose of conducting projects under this section, there
 3 is authorized to be appropriated an amount not to exceed
 4 \$25,000,000 for any fiscal year.”.

5 **SEC. 114. SECRETARIAL SUBMISSION OF LEGISLATIVE**
 6 **PROPOSAL FOR TECHNICAL AND CONFORM-**
 7 **ING AMENDMENTS.**

8 Not later than 90 days after the date of the enact-
 9 ment of this Act, the Secretary of Health and Human
 10 Services and the Commissioner of Social Security, in con-
 11 sultation, as appropriate, with the heads of other Federal
 12 agencies, shall submit to the appropriate committees of
 13 Congress a legislative proposal proposing such technical
 14 and conforming amendments as are necessary to bring the
 15 law into conformity with the policy embodied in this title.

16 **SEC. 115. APPLICATION OF CURRENT AFDC STANDARDS**
 17 **UNDER MEDICAID PROGRAM.**

18 (a) IN GENERAL.—Title XIX is amended—

19 (1) by redesignating section 1931 as section
 20 1932; and

21 (2) by inserting after section 1930 the following
 22 new section:

23 “APPLICATION OF AFDC STANDARDS AND METHODOLOGY

24 “SEC. 1931. (a)(1) Subject to the succeeding provi-
 25 sions of this section, with respect to a State any reference
 26 in this title (or other provision of law in relation to the

1 operation of this title) to a provision of part A of title
2 IV, or a State plan under such part (or a provision of
3 such a plan), including standards and methodologies for
4 determining income and resources under such part or
5 plan, shall be considered a reference to such a provision
6 or plan as in effect as of July 1, 1996, with respect to
7 the State.

8 “(2) In applying section 1925(a)(1), the reference to
9 ‘section 402(a)(8)(B)(ii)(II)’ is deemed a reference to a
10 corresponding earning disregard rule (if any) established
11 under a State program funded under part A of title IV
12 (as in effect on and after October 1, 1996).

13 “(3) The provisions of section 406(h) (as in effect
14 on July 1, 1996) shall apply, in relation to this title, with
15 respect to individuals who receive assistance under a State
16 program funded under part A of title IV (as in effect on
17 and after October 1, 1996) and are eligible for medical
18 assistance under this title or who are described in sub-
19 section (b)(1) in the same manner as they apply before
20 such date with respect to individuals who become ineligible
21 for aid to families with dependent children as a result
22 (wholly or partly) of the collection or increased collection
23 of child or spousal support under part D of title IV.

24 “(4) With respect to the reference in section
25 1902(a)(5) to a State plan approved under part A of title

1 IV, a State may treat such reference as a reference either
2 to a State program funded under such part (as in effect
3 on and after October 1, 1996) or to the State plan under
4 this title.

5 “(b)(1) For purposes of this title, subject to para-
6 graph (2), in determining eligibility for medical assistance,
7 an individual shall be deemed to be receiving aid or assist-
8 ance under a State plan approved under part A of title
9 IV (and shall be treated as meeting the income and re-
10 source standards under such part) only if the individual
11 meets—

12 “(A) the income and resource standards under
13 such plan, and

14 “(B) the eligibility requirements of such plan
15 under subsections (a) through (c) of section 406 and
16 section 407(a),

17 as in effect as of July 1, 1996. Subject to paragraph
18 (2)(B), the income and resource methodologies under such
19 plan as of such date shall be used in the determination
20 of whether any individual meets income and resource
21 standards under such plan.

22 “(2) For purposes of applying this section, a State
23 may—

24 “(A) lower its income standards applicable with
25 respect to part A of title IV, but not below the in-

1 come standards applicable under its State plan
2 under such part on May 1, 1988; and

3 “(B) use income and resource standards or
4 methodologies that are less restrictive than the
5 standards or methodologies used under the State
6 plan under such part as of July 1, 1996.

7 “(3) For purposes of applying this section, a State
8 may, subject to paragraph (4), treat all individuals (or
9 reasonable categories of individuals) receiving assistance
10 under the State program funded under part A of title IV
11 (as in effect on or after October 1, 1996) as individuals
12 who are receiving aid or assistance under a State plan ap-
13 proved under part A of title IV (and thereby eligible for
14 medical assistance under this title).

15 “(4) For purposes of section 1925, an individual who
16 is receiving assistance under the State program funded
17 under part A of title IV (as in effect on or after October
18 1, 1996) and is eligible for medical assistance under this
19 title shall be treated as an individual receiving aid or as-
20 sistance pursuant to a plan of the State approved under
21 part A of title IV (as in effect as of July 1, 1996) (and
22 thereby eligible for continuation of medical assistance
23 under such section).

24 “(c) In the case of a waiver of a provision of part
25 A of title IV in effect with respect to a State as of July

1 1, 1996, if the waiver affects eligibility of individuals for
2 medical assistance under this title, such waiver may (but
3 need not) continue to be applied, at the option of the
4 State, in relation to this title after the date the waiver
5 would otherwise expire. If a State elects not to continue
6 to apply such a waiver, then, after the date of the expira-
7 tion of the waiver, subsection (a) shall be applied as if
8 any provisions so waived had not been waived.

9 “(d) Nothing in this section, or part A of title IV,
10 shall be construed as preventing a State from providing
11 for the same application form for assistance under a State
12 program funded under part A of title IV (on or after Octo-
13 ber 1, 1996) and for medical assistance under this title.

14 “(e) The provisions of this section shall apply not-
15 withstanding any other provision of this title.”.

16 (b) PLAN AMENDMENT.—Section 1902(a) (42 U.S.C.
17 1396a(a)) is amended—

18 (1) by striking “and” at the end of paragraph
19 (61),

20 (2) by striking the period at the end of para-
21 graph (62) and inserting “; and”, and

22 (3) by inserting after paragraph (62) the fol-
23 lowing new paragraph:

24 “(63) provide for administration and deter-
25 minations of eligibility with respect to individuals

1 who are (or seek to be) eligible for medical assist-
2 ance based on the application of section 1931.”.

3 (c) **ELIMINATION OF REQUIREMENT OF MINIMUM**
4 **AFDC PAYMENT LEVELS.**—(1) Section 1902(c) (42
5 U.S.C. 1396a(c)) is amended by striking “if—” and all
6 that follows and inserting the following: “if the State re-
7 quires individuals described in subsection (l)(1) to apply
8 for assistance under the State program funded under part
9 A of title IV as a condition of applying for or receiving
10 medical assistance under this title.”.

11 (2) Section 1903(i) (42 U.S.C. 1396b(i)) is amended
12 by striking paragraph (9).

13 **SEC. 116. EFFECTIVE DATE; TRANSITION RULE.**

14 (a) **IN GENERAL.**—Except as otherwise provided in
15 this title, this title and the amendments made by this title
16 shall take effect on October 1, 1996.

17 (b) **TRANSITION RULES.**—

18 (1) **STATE OPTION TO ACCELERATE EFFECTIVE**
19 **DATE.**—

20 (A) **IN GENERAL.**—If, within 3 months
21 after the date of the enactment of this Act, the
22 Secretary of Health and Human Services re-
23 ceives from a State, a plan described in section
24 402(a) of the Social Security Act (as added by
25 the amendment made by section 103 of this

1 Act), this title and the amendments made by
2 this title (except section 409(a)(5) of the Social
3 Security Act, as added by the amendment made
4 by such section 103) shall also apply with re-
5 spect to the State during the period that begins
6 on the date the Secretary approves the plan and
7 ends on September 30, 1996, except that the
8 State shall be considered an eligible State for
9 fiscal year 1996 for purposes of part A of title
10 IV of the Social Security Act (as in effect pur-
11 suant to the amendment made by such section
12 103).

13 (B) LIMITATIONS ON FEDERAL OBLIGA-
14 TIONS.—

15 (i) UNDER AFDC PROGRAM.—If the
16 Secretary receives from a State the plan
17 referred to in subparagraph (A), the total
18 obligations of the Federal Government to
19 the State under part A of title IV of the
20 Social Security Act (as in effect on Sep-
21 tember 30, 1995) with respect to expendi-
22 tures by the State after the date of the en-
23 actment of this Act shall not exceed an
24 amount equal to—

1 (I) the State family assistance
2 grant (as defined in section
3 403(a)(1)(B) of the Social Security
4 Act (as in effect pursuant to the
5 amendment made by section 103 of
6 this Act)); minus

7 (II) any obligations of the Fed-
8 eral Government to the State under
9 part A of title IV of the Social Secu-
10 rity Act (as in effect on September
11 30, 1995) with respect to expendi-
12 tures by the State during the period
13 that begins on October 1, 1995, and
14 ends on the day before the date of the
15 enactment of this Act.

16 (ii) UNDER TEMPORARY FAMILY AS-
17 SISTANCE PROGRAM.—Notwithstanding
18 section 403(a)(1) of the Social Security
19 Act (as in effect pursuant to the amend-
20 ment made by section 103 of this Act), the
21 total obligations of the Federal Govern-
22 ment to a State under such section
23 403(a)(1) for fiscal year 1996 after the
24 termination of the State AFDC program
25 shall not exceed an amount equal to—

1 (I) the amount described in
2 clause (i)(I) of this subparagraph;
3 minus

4 (II) any obligations of the Fed-
5 eral Government to the State under
6 part A of title IV of the Social Secu-
7 rity Act (as in effect on September
8 30, 1995) with respect to expendi-
9 tures by the State on or after October
10 1, 1995.

11 (iii) CHILD CARE OBLIGATIONS EX-
12 CLUDED IN DETERMINING FEDERAL AFDC
13 OBLIGATIONS.—As used in this subpara-
14 graph, the term “obligations of the Federal
15 Government to the State under part A of
16 title IV of the Social Security Act” does
17 not include any obligation of the Federal
18 Government with respect to child care ex-
19 penditures by the State.

20 (C) SUBMISSION OF STATE PLAN FOR FIS-
21 CAL YEAR 1996 DEEMED ACCEPTANCE OF
22 GRANT LIMITATIONS AND FORMULA.—The sub-
23 mission of a plan by a State pursuant to sub-
24 paragraph (A) is deemed to constitute the
25 State’s acceptance of the grant reductions

1 under subparagraph (B)(ii) (including the for-
2 mula for computing the amount of the reduc-
3 tion).

4 (D) DEFINITIONS.—As used in this para-
5 graph:

6 (i) STATE AFDC PROGRAM.—The term
7 “State AFDC program” means the State
8 program under parts A and F of title IV
9 of the Social Security Act (as in effect on
10 September 30, 1995).

11 (ii) STATE.—The term “State” means
12 the 50 States and the District of Colum-
13 bia.

14 (2) CLAIMS, ACTIONS, AND PROCEEDINGS.—
15 The amendments made by this title shall not apply
16 with respect to—

17 (A) powers, duties, functions, rights,
18 claims, penalties, or obligations applicable to
19 aid, assistance, or services provided before the
20 effective date of this title under the provisions
21 amended; and

22 (B) administrative actions and proceedings
23 commenced before such date, or authorized be-
24 fore such date to be commenced, under such
25 provisions.

1 (3) CLOSING OUT ACCOUNT FOR THOSE PRO-
2 GRAMS TERMINATED OR SUBSTANTIALLY MODIFIED
3 BY THIS TITLE.—In closing out accounts, Federal
4 and State officials may use scientifically acceptable
5 statistical sampling techniques. Claims made with
6 respect to State expenditures under a State plan ap-
7 proved under part A of title IV of the Social Secu-
8 rity Act (as in effect before the effective date of this
9 Act) with respect to assistance or services provided
10 on or before September 30, 1995, shall be treated as
11 claims with respect to expenditures during fiscal
12 year 1995 for purposes of reimbursement even if
13 payment was made by a State on or after October
14 1, 1995. Each State shall complete the filing of all
15 claims under the State plan (as so in effect) no later
16 than September 30, 1997. The head of each Federal
17 department shall—

18 (A) use the single audit procedure to re-
19 view and resolve any claims in connection with
20 the close out of programs under such State
21 plans; and

22 (B) reimburse States for any payments
23 made for assistance or services provided during
24 a prior fiscal year from funds for fiscal year

1 1995, rather than from funds authorized by
2 this title.

3 (4) CONTINUANCE IN OFFICE OF ASSISTANT
4 SECRETARY FOR FAMILY SUPPORT.—The individual
5 who, on the day before the effective date of this title,
6 is serving as Assistant Secretary for Family Support
7 within the Department of Health and Human Serv-
8 ices shall, until a successor is appointed to such po-
9 sition—

10 (A) continue to serve in such position; and

11 (B) except as otherwise provided by law—

12 (i) continue to perform the functions
13 of the Assistant Secretary for Family Sup-
14 port under section 417 of the Social Secu-
15 rity Act (as in effect before such effective
16 date); and

17 (ii) have the powers and duties of the
18 Assistant Secretary for Family Support
19 under section 416 of the Social Security
20 Act (as in effect pursuant to the amend-
21 ment made by section 103 of this Act).

**TITLE II—SUPPLEMENTAL
SECURITY INCOME**

SEC. 200. REFERENCE TO SOCIAL SECURITY ACT.

Except as otherwise specifically provided, wherever in this title an amendment is expressed in terms of an amendment to or repeal of a section or other provision, the reference shall be considered to be made to that section or other provision of the Social Security Act.

Subtitle A—Eligibility Restrictions

SEC. 201. DENIAL OF SSI BENEFITS FOR 10 YEARS TO INDIVIDUALS FOUND TO HAVE FRAUDULENTLY MISREPRESENTED RESIDENCE IN ORDER TO OBTAIN BENEFITS SIMULTANEOUSLY IN 2 OR MORE STATES.

(a) IN GENERAL.—Section 1614(a) (42 U.S.C. 1382c(a)) is amended by adding at the end the following new paragraph:

“(5) An individual shall not be considered an eligible individual for the purposes of this title during the 10-year period that begins on the date the individual is convicted in Federal or State court of having made a fraudulent statement or representation with respect to the place of residence of the individual in order to receive assistance simultaneously from 2 or more States under programs that are funded under title IV, title XIX, or the Food

1 Stamp Act of 1977, or benefits in 2 or more States under
 2 the supplemental security income program under this
 3 title.”.

4 (b) EFFECTIVE DATE.—The amendment made by
 5 this section shall take effect on the date of the enactment
 6 of this Act.

7 **SEC. 202. DENIAL OF SSI BENEFITS FOR FUGITIVE FELONS**
 8 **AND PROBATION AND PAROLE VIOLATORS.**

9 (a) IN GENERAL.—Section 1611(e) (42 U.S.C.
 10 1382(e)) is amended by inserting after paragraph (3) the
 11 following new paragraph:

12 “(4) A person shall not be considered an eligible indi-
 13 vidual or eligible spouse for purposes of this title with re-
 14 spect to any month if during such month the person is—

15 “(A) fleeing to avoid prosecution, or custody or
 16 confinement after conviction, under the laws of the
 17 place from which the person flees, for a crime, or an
 18 attempt to commit a crime, which is a felony under
 19 the laws of the place from which the person flees, or
 20 which, in the case of the State of New Jersey, is a
 21 high misdemeanor under the laws of such State; or

22 “(B) violating a condition of probation or pa-
 23 role imposed under Federal or State law.”.

24 (b) EXCHANGE OF INFORMATION WITH LAW EN-
 25 FORCEMENT AGENCIES.—Section 1611(e) (42 U.S.C.

1 1382(e)), as amended by subsection (a), is amended by
2 inserting after paragraph (4) the following new paragraph:

3 “(5) Notwithstanding any other provision of law, the
4 Commissioner shall furnish any Federal, State, or local
5 law enforcement officer, upon the request of the officer,
6 with the current address, Social Security number, and
7 photograph (if applicable) of any recipient of benefits
8 under this title, if the officer furnishes the Commissioner
9 with the name of the recipient and notifies the Commis-
10 sioner that—

11 “(A) the recipient—

12 “(i) is described in subparagraph (A) or
13 (B) of paragraph (4); or

14 “(ii) has information that is necessary for
15 the officer to conduct the officer’s official du-
16 ties; and

17 “(B) the location or apprehension of the recipi-
18 ent is within the officer’s official duties.”.

19 (c) EFFECTIVE DATE.—The amendments made by
20 this section shall take effect on the date of the enactment
21 of this Act.

22 **SEC. 203. VERIFICATION OF ELIGIBILITY FOR CERTAIN SSI**
23 **DISABILITY BENEFITS.**

24 Section 1631 (42 U.S.C. 1383) is amended by adding
25 at the end the following new subsection:

1 “(o)(1) Notwithstanding any other provision of law,
2 if the Commissioner of Social Security determines that an
3 individual, who is 18 years of age or older, is eligible to
4 receive benefits pursuant to section 1614(a)(3), the Com-
5 missioner shall, at the time of the determination, either
6 exempt the individual from an eligibility review or estab-
7 lish a schedule for reviewing the individual’s continuing
8 eligibility in accordance with paragraph (2).

9 “(2)(A) The Commissioner shall establish a periodic
10 review with respect to the continuing eligibility of an indi-
11 vidual to receive benefits, unless the individual is exempt
12 from review under subparagraph (C) or is subject to a
13 scheduled review under subparagraph (B). A periodic re-
14 view under this subparagraph shall be initiated by the
15 Commissioner not later than 30 months after the date a
16 determination is made that the individual is eligible for
17 benefits and every 30 months thereafter, unless a waiver
18 is granted under section 221(i)(2). However, the Commis-
19 sioner shall not postpone the initiation of a periodic review
20 for more than 12 months in any case in which such waiver
21 has been granted unless exigent circumstances require
22 such postponement.

23 “(B)(i) In the case of an individual, other than an
24 individual who is exempt from review under subparagraph
25 (C) or with respect to whom subparagraph (A) applies,

1 the Commissioner shall schedule a review regarding the
2 individual's continuing eligibility to receive benefits at any
3 time the Commissioner determines, based on the evidence
4 available, that there is a significant possibility that the
5 individual may cease to be entitled to such benefits.

6 “(ii) The Commissioner may establish classifications
7 of individuals for whom a review of continuing eligibility
8 is scheduled based on the impairments that are the basis
9 for such individuals' eligibility for benefits. A review of
10 an individual covered by a classification shall be scheduled
11 in accordance with the applicable classification, unless the
12 Commissioner determines that applying such schedule is
13 inconsistent with the purpose of this Act or the integrity
14 of the supplemental security income program.

15 “(C)(i) The Commissioner may exempt an individual
16 from review under this subsection, if the individual's eligi-
17 bility for benefits is based on a condition that, as a prac-
18 tical matter, has no substantial likelihood of improving to
19 a point where the individual will be able to perform sub-
20 stantial gainful activity.

21 “(ii) The Commissioner may establish classifications
22 of individuals who are exempt from review under this sub-
23 section based on the impairments that are the basis for
24 such individuals' eligibility for benefits. Notwithstanding
25 any such classification, the Commissioner may, at the time

1 of determining an individual's eligibility, schedule a review
2 of such individual's continuing eligibility if the Commis-
3 sioner determines that a review is necessary to preserve
4 the integrity of the supplemental security income program.

5 “(3) The Commissioner may revise a determination
6 made under paragraph (1) and schedule a review under
7 paragraph (2)(B), if the Commissioner obtains credible
8 evidence that an individual may no longer be eligible for
9 benefits or the Commissioner determines that a review is
10 necessary to maintain the integrity of the supplemental
11 security income program. Information obtained under sec-
12 tion 1137 may be used as the basis to schedule a review.

13 “(4)(A) The requirements of sections 1614(a)(4) and
14 1633 shall apply to reviews conducted under this sub-
15 section.

16 “(B) Such reviews may be conducted by the applica-
17 ble State agency or the Commissioner, whichever is appro-
18 priate.

19 “(5) Not later than 3 months after the date of the
20 enactment of this subsection, the Commissioner shall es-
21 tablish a schedule for reviewing the continuing eligibility
22 of each individual who is receiving benefits pursuant to
23 section 1614(a)(3) on such date of enactment and who
24 has attained 18 years of age, unless such individual is ex-
25 empt under paragraph (2)(C). Such review shall be sched-

1 uled under the procedures prescribed by or under para-
 2 graph (2), except that the reviews shall be scheduled so
 3 that the eligibility of $\frac{1}{3}$ of all such nonexempt individuals
 4 is reviewed within 1 year after such date of enactment,
 5 the eligibility of $\frac{1}{3}$ of such nonexempt individuals is re-
 6 viewed within 1 year after such date of enactment, and
 7 all remaining nonexempt individuals who continue receiv-
 8 ing benefits shall have their eligibility reviewed within 3
 9 years after such date of enactment. Each individual deter-
 10 mined eligible to continue receiving benefits in a review
 11 scheduled under this paragraph shall, at the time of the
 12 determination, be subject to paragraph (2).”.

13 **SEC. 204. TREATMENT OF PRISONERS.**

14 (a) IMPLEMENTATION OF PROHIBITION AGAINST
 15 PAYMENT OF BENEFITS TO PRISONERS.—

16 (1) IN GENERAL.—Section 1611(e)(1) (42
 17 U.S.C. 1382(e)(1)) is amended by adding at the end
 18 the following new subparagraph:

19 “(I)(i) The Commissioner shall enter into a contract,
 20 with any interested State or local institution referred to
 21 in subparagraph (A), under which—

22 “(I) the institution shall provide to the Com-
 23 missioner, on a monthly basis, the names, social se-
 24 curity account numbers, dates of birth, and such
 25 other identifying information concerning the inmates

1 of the institution as the Commissioner may require
2 for the purpose of carrying out paragraph (1); and

3 “(II) the Commissioner shall pay to any such
4 institution, with respect to each inmate of the insti-
5 tution who is eligible for a benefit under this title for
6 the month preceding the first month throughout
7 which such inmate is in such institution and be-
8 comes ineligible for such benefit (or becomes eligible
9 only for a benefit payable at a reduced rate) as a re-
10 sult of the application of this paragraph, an amount
11 not to exceed \$400 if the institution furnishes the
12 information described in subclause (I) to the Com-
13 missioner within 30 days after such individual be-
14 comes an inmate of such institution, or an amount
15 not to exceed \$200 if the institution furnishes such
16 information after 30 days after such date but within
17 90 days after such date.

18 “(ii) The provisions of section 552a of title 5, United
19 States Code, shall not apply to any contract entered into
20 under clause (i) or to information exchanged pursuant to
21 such contract.”.

22 (2) CONFORMING OASDI AMENDMENTS.—Sec-
23 tion 202(x)(3) (42 U.S.C. 402(x)(3)) is amended—

24 (A) by inserting “(A)” after “(3)”; and

1 (B) by adding at the end the following new
2 subparagraph:

3 “(B)(i) The Commissioner shall enter into a contract,
4 with any interested State or local institution described in
5 clause (i) or (ii) of paragraph (1)(A) the primary purpose
6 of which is to confine individuals as described in para-
7 graph (1)(A), under which—

8 “(I) the institution shall provide to the Com-
9 missioner, on a monthly basis, the names, social se-
10 curity account numbers, dates of birth, and such
11 other identifying information concerning the individ-
12 uals confined in the institution as the Commissioner
13 may require for the purpose of carrying out para-
14 graph (1); and

15 “(II) the Commissioner shall pay to any such
16 institution, with respect to each individual who is en-
17 titled to a benefit under this title for the month pre-
18 ceding the first month throughout which such indi-
19 vidual is confined in such institution as described in
20 paragraph (1)(A), an amount not to exceed \$400 if
21 the institution furnishes the information described in
22 subclause (I) to the Commissioner within 30 days
23 after the date such individual’s confinement in such
24 institution begins, or an amount not to exceed \$200
25 if the institution furnishes such information after 30

1 days after such date but within 90 days after such
2 date.

3 “(ii) The provisions of section 552a of title 5, United
4 States Code, shall not apply to any contract entered into
5 under clause (i) or to information exchanged pursuant to
6 such contract.”.

7 (b) DENIAL OF SSI BENEFITS FOR 10 YEARS TO A
8 PERSON FOUND TO HAVE FRAUDULENTLY OBTAINED
9 SSI BENEFITS WHILE IN PRISON.—

10 (1) IN GENERAL.—Section 1611(e)(1) (42
11 U.S.C. 1382(e)(1)), as amended by subsection
12 (a)(1), is amended by adding at the end the follow-
13 ing new subparagraph:

14 “(J) In any case in which the Commissioner of Social
15 Security finds that a person has made a fraudulent state-
16 ment or representation in order to obtain or to continue
17 to receive benefits under this title while being an inmate
18 in a penal institution, such person shall not be considered
19 an eligible individual or eligible spouse for any month end-
20 ing during the 10-year period beginning on the date on
21 which such person ceases being such an inmate.”.

22 (2) EFFECTIVE DATE.—The amendment made
23 by this subsection shall apply with respect to state-
24 ments or representations made on or after the date
25 of the enactment of this Act.

1 (c) ELIMINATION OF OASDI REQUIREMENT THAT
2 CONFINEMENT STEM FROM CRIME PUNISHABLE BY IM-
3 PRISONMENT FOR MORE THAN 1 YEAR.—

4 (1) IN GENERAL.—Section 202(x)(1)(A) (42
5 U.S.C. 402(x)(1)(A)) is amended—

6 (A) in the matter preceding clause (i), by
7 striking “during” and inserting “throughout”;

8 (B) in clause (i), by striking “pursuant”
9 and all that follows through “imposed”; and

10 (C) in clause (ii)(I), by striking “an of-
11 fense punishable by imprisonment for more
12 than 1 year” and inserting “a criminal of-
13 fense”.

14 (2) EFFECTIVE DATE.—The amendments made
15 by this subsection shall be effective with respect to
16 benefits payable for months beginning more than
17 180 days after the date of the enactment of this Act.

18 (d) STUDY OF OTHER POTENTIAL IMPROVEMENTS IN
19 THE COLLECTION OF INFORMATION RESPECTING PUBLIC
20 INMATES.—

21 (1) STUDY.—The Commissioner of Social Secu-
22 rity shall conduct a study of the desirability, feasibil-
23 ity, and cost of—

24 (A) establishing a system under which
25 Federal, State, and local courts would furnish

1 to the Commissioner such information respect-
2 ing court orders by which individuals are con-
3 fined in jails, prisons, or other public penal,
4 correctional, or medical facilities as the Com-
5 missioner may require for the purpose of carry-
6 ing out sections 202(x) and 1611(e)(1) of the
7 Social Security Act; and

8 (B) requiring that State and local jails,
9 prisons, and other institutions that enter into
10 contracts with the Commissioner under section
11 202(x)(3)(B) or 1611(e)(1)(I) of the Social Se-
12 curity Act furnish the information required by
13 such contracts to the Commissioner by means
14 of an electronic or other sophisticated data ex-
15 change system.

16 (2) REPORT.—Not later than 1 year after the
17 date of the enactment of this Act, the Commissioner
18 of Social Security shall submit a report on the re-
19 sults of the study conducted pursuant to this sub-
20 section to the Committee on Finance of the Senate
21 and the Committee on Ways and Means of the
22 House of Representatives.

1 **SEC. 205. EFFECTIVE DATE OF APPLICATION FOR BENE-**
2 **FITS.**

3 (a) IN GENERAL.—Subparagraphs (A) and (B) of
4 section 1611(c)(7) (42 U.S.C. 1382(c)(7)) are amended
5 to read as follows:

6 “(A) the first day of the month following the
7 date such application is filed, or

8 “(B) the first day of the month following the
9 date such individual becomes eligible for such bene-
10 fits with respect to such application.”.

11 (b) SPECIAL RULE RELATING TO EMERGENCY AD-
12 VANCE PAYMENTS.—Section 1631(a)(4)(A) (42 U.S.C.
13 1383(a)(4)(A)) is amended—

14 (1) by inserting “for the month following the
15 date the application is filed” after “is presumptively
16 eligible for such benefits”; and

17 (2) by inserting “, which shall be repaid
18 through proportionate reductions in such benefits
19 over a period of not more than 6 months” before the
20 semicolon.

21 (c) CONFORMING AMENDMENTS.—

22 (1) Section 1614(b) (42 U.S.C. 1382c(b)) is
23 amended by striking “at the time the application or
24 request is filed” and inserting “on the first day of
25 the month following the date the application or re-
26 quest is filed”.

1 (2) Section 1631(g)(3) (42 U.S.C. 1382j(g)(3))
 2 is amended by inserting “following the month” after
 3 “beginning with the month”.

4 (d) EFFECTIVE DATE.—

5 (1) IN GENERAL.—The amendments made by
 6 this section shall apply to applications for benefits
 7 under title XVI of the Social Security Act filed on
 8 or after the date of the enactment of this Act, with-
 9 out regard to whether regulations have been issued
 10 to implement such amendments.

11 (2) BENEFITS UNDER TITLE XVI.—For pur-
 12 poses of this subsection, the term “benefits under
 13 title XVI of the Social Security Act” includes sup-
 14 plementary payments pursuant to an agreement for
 15 Federal administration under section 1616(a) of the
 16 Social Security Act, and payments pursuant to an
 17 agreement entered into under section 212(b) of Pub-
 18 lic Law 93–66.

19 **SEC. 206. INSTALLMENT PAYMENT OF LARGE PAST-DUE**
 20 **SUPPLEMENTAL SECURITY INCOME BENE-**
 21 **FITS.**

22 (a) IN GENERAL.—Section 1631(a) (42 U.S.C. 1383)
 23 is amended by adding at the end the following new para-
 24 graph:

1 “(10)(A) If an individual is eligible for past-due
2 monthly benefits under this title in an amount that (after
3 any withholding for reimbursement to a State for interim
4 assistance under subsection (g)) equals or exceeds the
5 product of—

6 “(i) 12, and

7 “(ii) the maximum monthly benefit payable
8 under this title to an eligible individual (or, if appro-
9 priate, to an eligible individual and eligible spouse),
10 then the payment of such past-due benefits (after any such
11 reimbursement to a State) shall be made in installments
12 as provided in subparagraph (B).

13 “(B)(i) The payment of past-due benefits subject to
14 this subparagraph shall be made in not to exceed 3 install-
15 ments that are made at 6-month intervals.

16 “(ii) Except as provided in clause (iii), the amount
17 of each of the first and second installments may not exceed
18 an amount equal to the product of clauses (i) and (ii) of
19 subparagraph (A).

20 “(iii) In the case of an individual who has—

21 “(I) outstanding debt attributable to—

22 “(aa) food,

23 “(bb) clothing,

24 “(cc) shelter, or

1 “(dd) medically necessary services, supplies
2 or equipment, or medicine; or

3 “(II) current expenses or expenses anticipated
4 in the near term attributable to—

5 “(aa) medically necessary services, supplies
6 or equipment, or medicine, or

7 “(bb) the purchase of a home, and

8 such debt or expenses are not subject to reimbursement
9 by a public assistance program, the Secretary under title
10 XVIII, a State plan approved under title XV or XIX, or
11 any private entity legally liable to provide payment pursu-
12 ant to an insurance policy, pre-paid plan, or other ar-
13 rangement, the limitation specified in clause (ii) may be
14 exceeded by an amount equal to the total of such debt
15 and expenses.

16 “(C) This paragraph shall not apply to any individual
17 who, at the time of the Commissioner’s determination that
18 such individual is eligible for the payment of past-due
19 monthly benefits under this title—

20 “(i) is afflicted with a medically determinable
21 impairment that is expected to result in death within
22 12 months; or

23 “(ii) is ineligible for benefits under this title
24 and the Commissioner determines that such individ-

1 ual is likely to remain ineligible for the next 12
2 months.

3 “(D) For purposes of this paragraph, the term ‘bene-
4 fits under this title’ includes supplementary payments pur-
5 suant to an agreement for Federal administration under
6 section 1616(a), and payments pursuant to an agreement
7 entered into under section 212(b) of Public Law 93–66.”.

8 (b) CONFORMING AMENDMENT.—Section 1631(a)(1)
9 (42 U.S.C. 1383(a)(1)) is amended by inserting “(subject
10 to paragraph (10))” immediately before “in such install-
11 ments”.

12 (c) EFFECTIVE DATE.—

13 (1) IN GENERAL.—The amendments made by
14 this section are effective with respect to past-due
15 benefits payable under title XVI of the Social Secu-
16 rity Act after the third month following the month
17 in which this Act is enacted.

18 (2) BENEFITS PAYABLE UNDER TITLE XVI.—

19 For purposes of this subsection, the term “benefits
20 payable under title XVI of the Social Security Act”
21 includes supplementary payments pursuant to an
22 agreement for Federal administration under section
23 1616(a) of the Social Security Act, and payments
24 pursuant to an agreement entered into under section
25 212(b) of Public Law 93–66.

1 **SEC. 207. RECOVERY OF SUPPLEMENTAL SECURITY IN-**
2 **COME OVERPAYMENTS FROM SOCIAL SECU-**
3 **RITY BENEFITS.**

4 (a) IN GENERAL.—Part A of title XI is amended by
5 adding at the end the following new section:

6 “RECOVERY OF SSI OVERPAYMENTS FROM SOCIAL
7 SECURITY BENEFITS

8 “SEC. 1146. (a) IN GENERAL.—Whenever the Com-
9 missioner of Social Security determines that more than
10 the correct amount of any payment has been made to any
11 person under the supplemental security income program
12 authorized by title XVI, and the Commissioner is unable
13 to make proper adjustment or recovery of the amount so
14 incorrectly paid as provided in section 1631(b), the Com-
15 missioner (notwithstanding section 207) may recover the
16 amount incorrectly paid by decreasing any amount which
17 is payable under the Federal Old-Age and Survivors Insur-
18 ance program or the Federal Disability Insurance pro-
19 gram authorized by title II to that person or that person’s
20 estate.

21 “(b) NO EFFECT ON SSI BENEFIT ELIGIBILITY OR
22 AMOUNT.—Notwithstanding subsections (a) and (b) of
23 section 1611, in any case in which the Commissioner takes
24 action in accordance with subsection (a) to recover an
25 overpayment from any person, neither that person, nor
26 any individual whose eligibility or benefit amount is deter-

1 mined by considering any part of that person's income,
2 shall, as a result of such action—

3 “(1) become eligible under the program of sup-
4 plemental security income benefits under title XVI,
5 or

6 “(2) if such person or individual is already so
7 eligible, become eligible for increased benefits there-
8 under.

9 “(c) PROGRAM UNDER TITLE XVI.—For purposes of
10 this section, the term ‘supplemental security income pro-
11 gram authorized by title XVI’ includes supplementary pay-
12 ments pursuant to an agreement for Federal administra-
13 tion under section 1616(a), and payments pursuant to an
14 agreement entered into under section 212(b) of Public
15 Law 93–66.”.

16 (b) CONFORMING AMENDMENTS.—

17 (1) Section 204 (42 U.S.C. 404) is amended by
18 adding at the end the following new subsection:

19 “(g) For payments which are adjusted or withheld
20 to recover an overpayment of supplemental security in-
21 come benefits paid under title XVI (including State sup-
22 plementary payments which were paid under an agreement
23 pursuant to section 1616(a) or section 212(b) of Public
24 Law 93-66), see section 1146.”.

1 (2) Section 1631(b) is amended by adding at
2 the end the following new paragraph:

3 “(5) For the recovery of overpayments of benefits
4 under this title from benefits payable under title II, see
5 section 1146.”.

6 (c) EFFECTIVE DATE.—The amendments made by
7 this section shall take effect on the date of the enactment
8 of this Act and shall apply to overpayments outstanding
9 on or after such date.

10 **Subtitle B—Benefits for Disabled** 11 **Children**

12 **SEC. 211. DEFINITION AND ELIGIBILITY RULES.**

13 (a) DEFINITION OF CHILDHOOD DISABILITY.—Sec-
14 tion 1614(a)(3) (42 U.S.C. 1382c(a)(3)) is amended—

15 (1) in subparagraph (A), by striking “An indi-
16 vidual” and inserting “Except as provided in sub-
17 paragraph (C), an individual”;

18 (2) in subparagraph (A), by striking “(or, in
19 the case of an individual under the age of 18, if he
20 suffers from any medically determinable physical or
21 mental impairment of comparable severity)”;

22 (3) by redesignating subparagraphs (C) through
23 (H) as subparagraphs (D) through (I), respectively;

24 (4) by inserting after subparagraph (B) the fol-
25 lowing new subparagraph:

1 “(C) An individual under the age of 18 shall be con-
2 sidered disabled for the purposes of this title if that indi-
3 vidual has a medically determinable physical or mental im-
4 pairment, which results in marked and severe functional
5 limitations, and which can be expected to result in death
6 or which has lasted or can be expected to last for a contin-
7 uous period of not less than 12 months.”; and

8 (5) in subparagraph (F), as so redesignated by
9 paragraph (3) of this subsection, by striking “(D)”
10 and inserting “(E)”.

11 (b) CHANGES TO CHILDHOOD SSI REGULATIONS.—

12 (1) MODIFICATION TO MEDICAL CRITERIA FOR
13 EVALUATION OF MENTAL AND EMOTIONAL DIS-
14 ORDERS.—The Commissioner of Social Security
15 shall modify sections 112.00C.2. and
16 112.02B.2.c.(2) of appendix 1 to subpart P of part
17 404 of title 20, Code of Federal Regulations, to
18 eliminate references to maladaptive behavior in the
19 domain of personal/behavioral function.

20 (2) DISCONTINUANCE OF INDIVIDUALIZED
21 FUNCTIONAL ASSESSMENT.—The Commissioner of
22 Social Security shall discontinue the individualized
23 functional assessment for children set forth in sec-
24 tions 416.924d and 416.924e of title 20, Code of
25 Federal Regulations.

1 (c) EFFECTIVE DATE; REGULATIONS; APPLICATION
2 TO CURRENT RECIPIENTS.—

3 (1) IN GENERAL.—The amendments made by
4 subsections (a) and (b) shall apply to applicants for
5 benefits for months beginning on or after the date
6 of the enactment of this Act, without regard to
7 whether regulations have been issued to implement
8 such amendments.

9 (2) REGULATIONS.—The Commissioner of So-
10 cial Security shall issue such regulations as the
11 Commissioner determines to be necessary to imple-
12 ment the amendments made by subsections (a) and
13 (b) not later than 60 days after the date of the en-
14 actment of this Act.

15 (3) APPLICATION TO CURRENT RECIPIENTS.—

16 (A) ELIGIBILITY DETERMINATIONS.—Not
17 later than 1 year after the date of the enact-
18 ment of this Act, the Commissioner of Social
19 Security shall redetermine the eligibility of any
20 individual under age 18 who is receiving supple-
21 mental security income benefits based on a dis-
22 ability under title XVI of the Social Security
23 Act as of the date of the enactment of this Act
24 and whose eligibility for such benefits may ter-
25minate by reason of the amendments made by

1 subsection (a) or (b). With respect to any rede-
2 termination under this subparagraph—

3 (i) section 1614(a)(4) of the Social
4 Security Act (42 U.S.C. 1382c(a)(4)) shall
5 not apply;

6 (ii) the Commissioner of Social Secu-
7 rity shall apply the eligibility criteria for
8 new applicants for benefits under title XVI
9 of such Act;

10 (iii) the Commissioner shall give such
11 redetermination priority over all continuing
12 eligibility reviews and other reviews under
13 such title; and

14 (iv) such redetermination shall be
15 counted as a review or redetermination
16 otherwise required to be made under sec-
17 tion 208 of the Social Security Independ-
18 ence and Program Improvements Act of
19 1994 or any other provision of title XVI of
20 the Social Security Act.

21 (B) GRANDFATHER PROVISION.—The
22 amendments made by subsections (a) and (b),
23 and the redetermination under subparagraph
24 (A), shall only apply with respect to the benefits
25 of an individual described in subparagraph (A)

1 for months beginning on or after the date of re-
2 determination with respect to the individual.

3 (C) NOTICE.—Not later than 90 days after
4 the date of the enactment of this Act, the Com-
5 missioner of Social Security shall notify an indi-
6 vidual described in subparagraph (A) of the
7 provisions of this paragraph.

8 **SEC. 212. ELIGIBILITY REDETERMINATIONS AND CONTINU-**
9 **ING DISABILITY REVIEWS.**

10 (a) CONTINUING DISABILITY REVIEWS RELATING TO
11 CERTAIN CHILDREN.—Section 1614(a)(3)(H) (42 U.S.C.
12 1382c(a)(3)(H)), as so redesignated by section 211(a)(3)
13 of this Act, is amended—

14 (1) by inserting “(i)” after “(H)”; and

15 (2) by adding at the end the following new
16 clause:

17 “(ii)(I) Not less frequently than once every 3 years,
18 the Commissioner shall review in accordance with para-
19 graph (4) the continued eligibility for benefits under this
20 title of each individual who has not attained 18 years of
21 age and is eligible for such benefits by reason of an im-
22 pairment (or combination of impairments) which may im-
23 prove (or, which is unlikely to improve, at the option of
24 the Commissioner).

1 “(II) A parent or guardian of a recipient whose case
2 is reviewed under this clause shall present, at the time
3 of review, evidence demonstrating that the recipient is,
4 and has been, receiving treatment, to the extent consid-
5 ered medically necessary and available, of the condition
6 which was the basis for providing benefits under this
7 title.”.

8 (b) DISABILITY ELIGIBILITY REDETERMINATIONS
9 REQUIRED FOR SSI RECIPIENTS WHO ATTAIN 18 YEARS
10 OF AGE.—

11 (1) IN GENERAL.—Section 1614(a)(3)(H) (42
12 U.S.C. 1382c(a)(3)(H)), as so redesignated by sec-
13 tion 211(a)(3) of this Act and as amended by sub-
14 section (a) of this section, is amended by adding at
15 the end the following new clause:

16 “(iii) If an individual is eligible for benefits under this
17 title by reason of disability for the month preceding the
18 month in which the individual attains the age of 18 years,
19 the Commissioner shall redetermine such eligibility—

20 “(I) during the 1-year period beginning on the
21 individual’s 18th birthday; and

22 “(II) by applying the criteria used in determin-
23 ing the initial eligibility for applicants who have at-
24 tained the age of 18 years.

1 With respect to a redetermination under this clause, para-
2 graph (4) shall not apply and such redetermination shall
3 be considered a substitute for a review or redetermination
4 otherwise required under any other provision of this sub-
5 paragraph during that 1-year period.”.

6 (2) CONFORMING REPEAL.—Section 207 of the
7 Social Security Independence and Program Improve-
8 ments Act of 1994 (42 U.S.C. 1382 note; 108 Stat.
9 1516) is hereby repealed.

10 (c) CONTINUING DISABILITY REVIEW REQUIRED FOR
11 LOW BIRTH WEIGHT BABIES.—Section 1614(a)(3)(H)
12 (42 U.S.C. 1382c(a)(3)(H)), as so redesignated by section
13 211(a)(3) of this Act and as amended by subsections (a)
14 and (b) of this section, is amended by adding at the end
15 the following new clause:

16 “(iv)(I) Not later than 12 months after the birth of
17 an individual, the Commissioner shall review in accordance
18 with paragraph (4) the continuing eligibility for benefits
19 under this title by reason of disability of such individual
20 whose low birth weight is a contributing factor material
21 to the Commissioner’s determination that the individual
22 is disabled.

23 “(II) A review under subclause (I) shall be considered
24 a substitute for a review otherwise required under any

1 other provision of this subparagraph during that 12-
2 month period.

3 “(III) A parent or guardian of a recipient whose case
4 is reviewed under this clause shall present, at the time
5 of review, evidence demonstrating that the recipient is,
6 and has been, receiving treatment, to the extent consid-
7 ered medically necessary and available, of the condition
8 which was the basis for providing benefits under this
9 title.”.

10 (d) EFFECTIVE DATE.—The amendments made by
11 this section shall apply to benefits for months beginning
12 on or after the date of the enactment of this Act, without
13 regard to whether regulations have been issued to imple-
14 ment such amendments.

15 (e) APPROPRIATION.—Out of any money in the
16 Treasury of the United States not otherwise appropriated,
17 there are appropriated to the Secretary of Health and
18 Human Services for the conduct of continuing disability
19 reviews pursuant to the amendments made by this sec-
20 tion—

- 21 (1) \$200,000,000 for fiscal year 1997;
22 (2) \$75,000,000 for fiscal year 1998; and
23 (3) \$25,000,000 for fiscal year 1999.

1 **SEC. 213. ADDITIONAL ACCOUNTABILITY REQUIREMENTS.**

2 (a) TIGHTENING OF REPRESENTATIVE PAYEE RE-
3 QUIREMENTS.—

4 (1) CLARIFICATION OF ROLE.—Section
5 1631(a)(2)(B)(ii) (42 U.S.C. 1383(a)(2)(B)(ii)) is
6 amended by striking “and” at the end of subclause
7 (II), by striking the period at the end of subclause
8 (IV) and inserting “; and”, and by adding after sub-
9 clause (IV) the following new subclause:

10 “(V) advise such person through the notice of
11 award of benefits, and at such other times as the
12 Commissioner of Social Security deems appropriate,
13 of specific examples of appropriate expenditures of
14 benefits under this title and the proper role of a rep-
15 resentative payee.”.

16 (2) DOCUMENTATION OF EXPENDITURES RE-
17 QUIRED.—

18 (A) IN GENERAL.—Subparagraph (C)(i) of
19 section 1631(a)(2) (42 U.S.C. 1383(a)(2)) is
20 amended to read as follows:

21 “(C)(i) In any case where payment is made to a rep-
22 resentative payee of an individual or spouse, the Commis-
23 sioner of Social Security shall—

24 “(I) require such representative payee to docu-
25 ment expenditures and keep contemporaneous

1 records of transactions made using such payment;
2 and

3 “(II) implement statistically valid procedures
4 for reviewing a sample of such contemporaneous
5 records in order to identify instances in which such
6 representative payee is not properly using such pay-
7 ment.”.

8 (B) CONFORMING AMENDMENT WITH RE-
9 SPECT TO PARENT PAYEES.—Clause (ii) of sec-
10 tion 1631(a)(2)(C) (42 U.S.C. 1383(a)(2)(C))
11 is amended by striking “Clause (i)” and insert-
12 ing “Subclauses (II) and (III) of clause (i)”.

13 (3) EFFECTIVE DATE.—The amendments made
14 by this subsection shall apply to benefits paid after
15 the date of the enactment of this Act.

16 (b) DEDICATED SAVINGS ACCOUNTS.—

17 (1) IN GENERAL.—Section 1631(a)(2)(B) (42
18 U.S.C. 1383(a)(2)(B)) is amended by adding at the
19 end the following:

20 “(xiv) Notwithstanding clause (x), the Commissioner
21 of Social Security may, at the request of the representative
22 payee, pay any lump sum payment for the benefit of a
23 child into a dedicated savings account that could only be
24 used to purchase for such child—

25 “(I) education and job skills training;

1 “(II) special equipment or housing modifica-
 2 tions or both specifically related to, and required by
 3 the nature of, the child’s disability; and

4 “(III) appropriate therapy and rehabilitation.”.

5 (2) DISREGARD OF TRUST FUNDS.—Section
 6 1613(a) (42 U.S.C. 1382b(a)) is amended—

7 (A) by striking “and” at the end of para-
 8 graph (10),

9 (B) by striking the period at the end of
 10 paragraph (11) and inserting “; and”, and

11 (C) by inserting after paragraph (11) the
 12 following:

13 “(12) all amounts deposited in, or interest cred-
 14 ited to, a dedicated savings account described in sec-
 15 tion 1631(a)(2)(B)(xiv).”.

16 (3) EFFECTIVE DATE.—The amendments made
 17 by this subsection shall apply to payments made
 18 after the date of the enactment of this Act.

19 **SEC. 214. REDUCTION IN CASH BENEFITS PAYABLE TO IN-**
 20 **STITUTIONALIZED INDIVIDUALS WHOSE MED-**
 21 **ICAL COSTS ARE COVERED BY PRIVATE IN-**
 22 **SURANCE.**

23 (a) IN GENERAL.—Section 1611(e)(1)(B) (42 U.S.C.
 24 1382(e)(1)(B)) is amended—

1 (1) by striking “title XIX, or” and inserting
2 “title XIX,”; and

3 (2) by inserting “or, in the case of an eligible
4 individual under the age of 18 receiving payments
5 (with respect to such individual) under any health
6 insurance policy issued by a private provider of such
7 insurance” after “section 1614(f)(2)(B),”.

8 (b) EFFECTIVE DATE.—The amendment made by
9 this section shall apply to benefits for months beginning
10 90 or more days after the date of the enactment of this
11 Act, without regard to whether regulations have been is-
12 sued to implement such amendments.

13 **SEC. 215. MODIFICATION RESPECTING PARENTAL INCOME**
14 **DEEMED TO DISABLED CHILDREN.**

15 (a) IN GENERAL.—Section 1614(f)(2) (42 U.S.C.
16 1382c(f)(2)) is amended—

17 (1) by adding at the end of subparagraph (A)
18 the following: “For purposes of the preceding sen-
19 tence, the income of such parent or spouse of such
20 parent shall be reduced by—

21 “(A) the allocation for basic needs described in
22 subparagraph (C)(i); and

23 “(B) the earned income disregard described in
24 subparagraph (C)(ii).”; and

25 (2) by adding at the end the following:

1 “(C)(i) The allocation for basic needs described by
2 this clause is—

3 “(I) in the case of an individual who does not
4 have a spouse, an amount equal to 50 percent of the
5 maximum monthly benefit payable under this title to
6 an eligible individual who does not have an eligible
7 spouse; or

8 “(II) in the case of an individual who has a
9 spouse, an amount equal to 50 percent of the maxi-
10 mum monthly benefit payable under this title to an
11 eligible individual who has an eligible spouse.

12 “(ii) The earned income disregard described by this
13 clause is an amount determined by deducting the first
14 \$780 per year (or proportionally smaller amounts for
15 shorter periods) plus 64 percent of the remainder from
16 the earned income (determined in accordance with section
17 1612(a)(1)) of the parent (and spouse, if any).”.

18 (b) PRESERVATION OF MEDICAID ELIGIBILITY.—
19 Section 1634 (42 U.S.C. 1383c) is amended by adding
20 at the end the following:

21 “(f) Any child who has not attained 18 years of age
22 and who would be eligible for a payment under this title
23 but for the amendment made by section 215(a) of the
24 Personal Responsibility and Work Opportunity Act of
25 1996 shall be deemed to be receiving such payment for

1 purposes of eligibility of the child for medical assistance
 2 under a State plan approved under title XIX of this Act.”.

3 (c) EFFECTIVE DATE.—The amendments made by
 4 this section shall apply to months after 1996.

5 **SEC. 216. GRADUATED BENEFITS FOR ADDITIONAL CHIL-**
 6 **DREN.**

7 (a) IN GENERAL.—Section 1611(b) (42 U.S.C.
 8 1382(b)) is amended by adding at the end the following:

9 “(3)(A) The benefit under this title for each eligible
 10 blind or disabled individual as determined pursuant to sec-
 11 tion 1611(a)(1) who—

12 “(i) is a child under the age of 18,

13 “(ii) lives in the same household as 1 or more
 14 persons who are also eligible blind or disabled chil-
 15 dren under the age of 18, and

16 “(iii) does not live in a group or foster home,
 17 shall be equal to the applicable percentage of the amount
 18 in section 1611(b)(1), reduced by the amount of any in-
 19 come of such child, including income deemed to such child
 20 under section 1614(f)(2).

21 “(B) For purposes of this paragraph, the applicable
 22 percentage shall be determined under the following table:

“If the household has:	The applicable percentage for each eligible child is:
1 eligible child	100 percent
2 eligible children	81.2 percent
3 eligible children	71.8 percent
4 eligible children	65.9 percent
5 eligible children	61.8 percent

“If the household has:	The applicable percentage for each eligible child is:
6 eligible children	58.5 percent
7 eligible children	55.9 percent
8 eligible children	53.5 percent
9 eligible children	51.7 percent
10 eligible children	50.2 percent
11 eligible children	48.7 percent
12 eligible children or more	47.4 percent.”.

1 “(C) For purposes of this paragraph, the applicable
2 household size shall be determined by the number of eligi-
3 ble blind and disabled children under the age of 18 in such
4 household whose countable income and resources do not
5 exceed the limits specified in section 1611(a)(1).”.

6 (b) PRESERVATION OF MEDICAID ELIGIBILITY.—
7 Section 1634 (42 U.S.C. 1383c), as amended by section
8 215(b) of this Act, is amended by adding at the end the
9 following:

10 “(g) Any child who has not attained 18 years of age
11 and would be eligible for a payment under this title but
12 for the limitation on payment amount imposed by section
13 1611(b)(3) shall be deemed to be receiving such benefit
14 for purposes of establishing such child’s eligibility for med-
15 ical assistance under a State plan approved under title
16 XIX.”.

17 (c) EFFECTIVE DATE.—The amendments made by
18 this section shall take effect—

19 (1) on the date of the enactment of this Act,
20 with respect to payments made on the basis of deter-

1 minations of eligibility made on or after such date,
 2 and

3 (2) on January 1, 1998, with respect to pay-
 4 ments made for months beginning after such date on
 5 the basis of determinations of eligibility made before
 6 the date of the enactment of this Act.

7 **Subtitle C—State Supplementation** 8 **Programs**

9 **SEC. 221. REPEAL OF MAINTENANCE OF EFFORT REQUIRE-**
 10 **MENTS APPLICABLE TO OPTIONAL STATE**
 11 **PROGRAMS FOR SUPPLEMENTATION OF SSI**
 12 **BENEFITS.**

13 Section 1618 (42 U.S.C. 1382g) is hereby repealed.

14 **Subtitle D—Studies Regarding** 15 **Supplemental Security Income** 16 **Program**

17 **SEC. 231. ANNUAL REPORT ON THE SUPPLEMENTAL SECU-**
 18 **RITY INCOME PROGRAM.**

19 Title XVI (42 U.S.C. 1381 et seq.), as amended by
 20 section 201(c) of this Act, is amended by adding at the
 21 end the following new section:

22 “ANNUAL REPORT ON PROGRAM

23 “SEC. 1637. (a) Not later than May 30 of each year,
 24 the Commissioner of Social Security shall prepare and de-
 25 liver a report annually to the President and the Congress
 26 regarding the program under this title, including—

1 “(1) a comprehensive description of the pro-
2 gram;

3 “(2) historical and current data on allowances
4 and denials, including number of applications and
5 allowance rates at initial determinations, reconsider-
6 ations, administrative law judge hearings, council of
7 appeals hearings, and Federal court appeal hearings;

8 “(3) historical and current data on characteris-
9 tics of recipients and program costs, by recipient
10 group (aged, blind, work disabled adults, and chil-
11 dren);

12 “(4) projections of future number of recipients
13 and program costs, through at least 25 years;

14 “(5) number of redeterminations and continu-
15 ing disability reviews, and the outcomes of such re-
16 determinations and reviews;

17 “(6) data on the utilization of work incentives;

18 “(7) detailed information on administrative and
19 other program operation costs;

20 “(8) summaries of relevant research undertaken
21 by the Social Security Administration, or by other
22 researchers;

23 “(9) State supplementation program operations;

24 “(10) a historical summary of statutory
25 changes to this title; and

1 “(11) such other information as the Commis-
2 sioner deems useful.

3 “(b) Each member of the Social Security Advisory
4 Board shall be permitted to provide an individual report,
5 or a joint report if agreed, of views of the program under
6 this title, to be included in the annual report under this
7 section.”.

8 **SEC. 232. STUDY OF DISABILITY DETERMINATION PROC-**
9 **ESS.**

10 (a) IN GENERAL.—Not later than 90 days after the
11 date of the enactment of this Act, and from funds other-
12 wise appropriated, the Commissioner of Social Security
13 shall make arrangements with the National Academy of
14 Sciences, or other independent entity, to conduct a study
15 of the disability determination process under titles II and
16 XVI of the Social Security Act. This study shall be under-
17 taken in consultation with professionals representing ap-
18 propriate disciplines.

19 (b) STUDY COMPONENTS.—The study described in
20 subsection (a) shall include—

21 (1) an initial phase examining the appropriate-
22 ness of, and making recommendations regarding—

23 (A) the definitions of disability in effect on
24 the date of the enactment of this Act and the

1 advantages and disadvantages of alternative
2 definitions; and

3 (B) the operation of the disability deter-
4 mination process, including the appropriate
5 method of performing comprehensive assess-
6 ments of individuals under age 18 with physical
7 and mental impairments;

8 (2) a second phase, which may be concurrent
9 with the initial phase, examining the validity, reli-
10 ability, and consistency with current scientific knowl-
11 edge of the standards and individual listings in the
12 Listing of Impairments set forth in appendix 1 of
13 subpart P of part 404 of title 20, Code of Federal
14 Regulations, and of related evaluation procedures as
15 promulgated by the Commissioner of Social Security;
16 and

17 (3) such other issues as the applicable entity
18 considers appropriate.

19 (c) REPORTS AND REGULATIONS.—

20 (1) REPORTS.—The Commissioner of Social Se-
21 curity shall request the applicable entity, to submit
22 an interim report and a final report of the findings
23 and recommendations resulting from the study de-
24 scribed in this section to the President and the Con-
25 gress not later than 18 months and 24 months, re-

1 spectively, from the date of the contract for such
 2 study, and such additional reports as the Commis-
 3 sioner deems appropriate after consultation with the
 4 applicable entity.

5 (2) REGULATIONS.—The Commissioner of So-
 6 cial Security shall review both the interim and final
 7 reports, and shall issue regulations implementing
 8 any necessary changes following each report.

9 **SEC. 233. STUDY BY GENERAL ACCOUNTING OFFICE.**

10 Not later than January 1, 1998, the Comptroller
 11 General of the United States shall study and report on—

12 (1) the impact of the amendments made by,
 13 and the provisions of, this title on the supplemental
 14 security income program under title XVI of the So-
 15 cial Security Act; and

16 (2) extra expenses incurred by families of chil-
 17 dren receiving benefits under such title that are not
 18 covered by other Federal, State, or local programs.

19 **Subtitle E—National Commission**
 20 **on the Future of Disability**

21 **SEC. 241. ESTABLISHMENT.**

22 There is established a commission to be known as the
 23 National Commission on the Future of Disability (referred
 24 to in this subtitle as the “Commission”).

1 **SEC. 242. DUTIES OF THE COMMISSION.**

2 (a) IN GENERAL.—The Commission shall develop
3 and carry out a comprehensive study of all matters related
4 to the nature, purpose, and adequacy of all Federal pro-
5 grams serving individuals with disabilities. In particular,
6 the Commission shall study the disability insurance pro-
7 gram under title II of the Social Security Act and the sup-
8 plemental security income program under title XVI of
9 such Act.

10 (b) MATTERS STUDIED.—The Commission shall pre-
11 pare an inventory of Federal programs serving individuals
12 with disabilities, and shall examine—

13 (1) trends and projections regarding the size
14 and characteristics of the population of individuals
15 with disabilities, and the implications of such analy-
16 ses for program planning;

17 (2) the feasibility and design of performance
18 standards for the Nation's disability programs;

19 (3) the adequacy of Federal efforts in rehabili-
20 tation research and training, and opportunities to
21 improve the lives of individuals with disabilities
22 through all manners of scientific and engineering re-
23 search; and

24 (4) the adequacy of policy research available to
25 the Federal Government, and what actions might be

1 undertaken to improve the quality and scope of such
2 research.

3 (c) RECOMMENDATIONS.—The Commission shall
4 submit to the appropriate committees of the Congress and
5 to the President recommendations and, as appropriate,
6 proposals for legislation, regarding—

7 (1) which (if any) Federal disability programs
8 should be eliminated or augmented;

9 (2) what new Federal disability programs (if
10 any) should be established;

11 (3) the suitability of the organization and loca-
12 tion of disability programs within the Federal Gov-
13 ernment;

14 (4) other actions the Federal Government
15 should take to prevent disabilities and disadvantages
16 associated with disabilities; and

17 (5) such other matters as the Commission con-
18 siders appropriate.

19 **SEC. 243. MEMBERSHIP.**

20 (a) NUMBER AND APPOINTMENT.—

21 (1) IN GENERAL.—The Commission shall be
22 composed of 15 members, of whom—

23 (A) five shall be appointed by the Presi-
24 dent, of whom not more than 3 shall be of the
25 same major political party;

1 (B) three shall be appointed by the Major-
2 ity Leader of the Senate;

3 (C) two shall be appointed by the Minority
4 Leader of the Senate;

5 (D) three shall be appointed by the Speak-
6 er of the House of Representatives; and

7 (E) two shall be appointed by the Minority
8 Leader of the House of Representatives.

9 (2) REPRESENTATION.—The Commission mem-
10 bers shall be chosen based on their education, train-
11 ing, or experience. In appointing individuals as
12 members of the Commission, the President and the
13 Majority and Minority Leaders of the Senate and
14 the Speaker and Minority Leader of the House of
15 Representatives shall seek to ensure that the mem-
16 bership of the Commission reflects the general inter-
17 ests of the business and taxpaying community and
18 the diversity of individuals with disabilities in the
19 United States.

20 (b) COMPTROLLER GENERAL.—The Comptroller
21 General of the United States shall advise the Commission
22 on the methodology and approach of the study of the Com-
23 mission.

24 (c) TERM OF APPOINTMENT.—The members shall
25 serve on the Commission for the life of the Commission.

1 (d) MEETINGS.—The Commission shall locate its
2 headquarters in the District of Columbia, and shall meet
3 at the call of the Chairperson, but not less than 4 times
4 each year during the life of the Commission.

5 (e) QUORUM.—Ten members of the Commission shall
6 constitute a quorum, but a lesser number may hold hear-
7 ings.

8 (f) CHAIRPERSON AND VICE CHAIRPERSON.—Not
9 later than 15 days after the members of the Commission
10 are appointed, such members shall designate a Chair-
11 person and Vice Chairperson from among the members of
12 the Commission.

13 (g) CONTINUATION OF MEMBERSHIP.—If a member
14 of the Commission becomes an officer or employee of any
15 government after appointment to the Commission, the in-
16 dividual may continue as a member until a successor mem-
17 ber is appointed.

18 (h) VACANCIES.—A vacancy on the Commission shall
19 be filled in the manner in which the original appointment
20 was made not later than 30 days after the Commission
21 is given notice of the vacancy.

22 (i) COMPENSATION.—Members of the Commission
23 shall receive no additional pay, allowances, or benefits by
24 reason of their service on the Commission.

1 (j) TRAVEL EXPENSES.—Each member of the Com-
2 mission shall receive travel expenses, including per diem
3 in lieu of subsistence, in accordance with sections 5702
4 and 5703 of title 5, United States Code.

5 **SEC. 244. STAFF AND SUPPORT SERVICES.**

6 (a) DIRECTOR.—

7 (1) APPOINTMENT.—Upon consultation with
8 the members of the Commission, the Chairperson
9 shall appoint a Director of the Commission.

10 (2) COMPENSATION.—The Director shall be
11 paid the rate of basic pay for level V of the Execu-
12 tive Schedule.

13 (b) STAFF.—With the approval of the Commission,
14 the Director may appoint such personnel as the Director
15 considers appropriate.

16 (c) APPLICABILITY OF CIVIL SERVICE LAWS.—The
17 staff of the Commission shall be appointed without regard
18 to the provisions of title 5, United States Code, governing
19 appointments in the competitive service, and shall be paid
20 without regard to the provisions of chapter 51 and sub-
21 chapter III of chapter 53 of such title relating to classi-
22 fication and General Schedule pay rates.

23 (d) EXPERTS AND CONSULTANTS.—With the ap-
24 proval of the Commission, the Director may procure tem-

1 porary and intermittent services under section 3109(b) of
2 title 5, United States Code.

3 (e) STAFF OF FEDERAL AGENCIES.—Upon the re-
4 quest of the Commission, the head of any Federal agency
5 may detail, on a reimbursable basis, any of the personnel
6 of such agency to the Commission to assist in carrying
7 out the duties of the Commission under this subtitle.

8 (f) OTHER RESOURCES.—The Commission shall have
9 reasonable access to materials, resources, statistical data,
10 and other information from the Library of Congress and
11 agencies and elected representatives of the executive and
12 legislative branches of the Federal Government. The
13 Chairperson of the Commission shall make requests for
14 such access in writing when necessary.

15 (g) PHYSICAL FACILITIES.—The Administrator of
16 the General Services Administration shall locate suitable
17 office space for the operation of the Commission. The fa-
18 cilities shall serve as the headquarters of the Commission
19 and shall include all necessary equipment and incidentals
20 required for proper functioning of the Commission.

21 **SEC. 245. POWERS OF COMMISSION.**

22 (a) HEARINGS.—The Commission may conduct pub-
23 lic hearings or forums at the discretion of the Commission,
24 at any time and place the Commission is able to secure

1 facilities and witnesses, for the purpose of carrying out
2 the duties of the Commission under this subtitle.

3 (b) DELEGATION OF AUTHORITY.—Any member or
4 agent of the Commission may, if authorized by the Com-
5 mission, take any action the Commission is authorized to
6 take by this section.

7 (c) INFORMATION.—The Commission may secure di-
8 rectly from any Federal agency information necessary to
9 enable the Commission to carry out its duties under this
10 subtitle. Upon request of the Chairperson or Vice Chair-
11 person of the Commission, the head of a Federal agency
12 shall furnish the information to the Commission to the ex-
13 tent permitted by law.

14 (d) GIFTS, BEQUESTS, AND DEVISES.—The Commis-
15 sion may accept, use, and dispose of gifts, bequests, or
16 devises of services or property, both real and personal, for
17 the purpose of aiding or facilitating the work of the Com-
18 mission. Gifts, bequests, or devises of money and proceeds
19 from sales of other property received as gifts, bequests,
20 or devises shall be deposited in the Treasury and shall be
21 available for disbursement upon order of the Commission.

22 (e) MAILS.—The Commission may use the United
23 States mails in the same manner and under the same con-
24 ditions as other Federal agencies.

1 **SEC. 246. REPORTS.**

2 (a) INTERIM REPORT.—Not later than 1 year prior
3 to the date on which the Commission terminates pursuant
4 to section 247, the Commission shall submit an interim
5 report to the President and to the Congress. The interim
6 report shall contain a detailed statement of the findings
7 and conclusions of the Commission, together with the
8 Commission's recommendations for legislative and admin-
9 istrative action, based on the activities of the Commission.

10 (b) FINAL REPORT.—Not later than the date on
11 which the Commission terminates, the Commission shall
12 submit to the Congress and to the President a final report
13 containing—

14 (1) a detailed statement of final findings, con-
15 clusions, and recommendations; and

16 (2) an assessment of the extent to which rec-
17 ommendations of the Commission included in the in-
18 terim report under subsection (a) have been imple-
19 mented.

20 (c) PRINTING AND PUBLIC DISTRIBUTION.—Upon
21 receipt of each report of the Commission under this sec-
22 tion, the President shall—

23 (1) order the report to be printed; and

24 (2) make the report available to the public upon
25 request.

1 **SEC. 247. TERMINATION.**

2 The Commission shall terminate on the date that is
3 2 years after the date on which the members of the Com-
4 mission have met and designated a Chairperson and Vice
5 Chairperson.

6 **SEC. 248. AUTHORIZATION OF APPROPRIATIONS.**

7 There are authorized to be appropriated such sums
8 as are necessary to carry out the purposes of the Commis-
9 sion.

10 **TITLE III—CHILD SUPPORT**

11 **SEC. 300. REFERENCE TO SOCIAL SECURITY ACT.**

12 Except as otherwise specifically provided, where ever
13 in this title an amendment is expressed in terms of an
14 amendment to or repeal of a section or other provision,
15 the reference shall be considered to be made to that sec-
16 tion or other provision of the Social Security Act.

17 **Subtitle A—Eligibility for Services;**
18 **Distribution of Payments**

19 **SEC. 301. STATE OBLIGATION TO PROVIDE CHILD SUP-**
20 **PORT ENFORCEMENT SERVICES.**

21 (a) STATE PLAN REQUIREMENTS.—Section 454 (42
22 U.S.C. 654) is amended—

23 (1) by striking paragraph (4) and inserting the
24 following new paragraph:

25 “(4) provide that the State will—

1 “(A) provide services relating to the estab-
2 lishment of paternity or the establishment,
3 modification, or enforcement of child support
4 obligations, as appropriate, under the plan with
5 respect to—

6 “(i) each child for whom (I) assist-
7 ance is provided under the State program
8 funded under part A of this title, (II) ben-
9 efits or services for foster care mainte-
10 nance and adoption assistance are provided
11 under the State program funded under
12 part B of this title, or (III) medical assist-
13 ance is provided under the State plan ap-
14 proved under title XIX, unless the State
15 agency administering the plan determines
16 (in accordance with paragraph (29)) that
17 it is against the best interests of the child
18 to do so; and

19 “(ii) any other child, if an individual
20 applies for such services with respect to
21 the child; and

22 “(B) enforce any support obligation estab-
23 lished with respect to—

24 “(i) a child with respect to whom the
25 State provides services under the plan; or

1 “(ii) the custodial parent of such a
2 child.”; and

3 (2) in paragraph (6)—

4 (A) by striking “provide that” and insert-
5 ing “provide that—”;

6 (B) by striking subparagraph (A) and in-
7 serting the following new subparagraph:

8 “(A) services under the plan shall be made
9 available to residents of other States on the
10 same terms as to residents of the State submit-
11 ting the plan;”;

12 (C) in subparagraph (B), by inserting “on
13 individuals not receiving assistance under any
14 State program funded under part A” after
15 “such services shall be imposed”;

16 (D) in each of subparagraphs (B), (C),
17 (D), and (E)—

18 (i) by indenting the subparagraph in
19 the same manner as, and aligning the left
20 margin of the subparagraph with the left
21 margin of, the matter inserted by subpara-
22 graph (B) of this paragraph; and

23 (ii) by striking the final comma and
24 inserting a semicolon; and

1 (E) in subparagraph (E), by indenting
2 each of clauses (i) and (ii) 2 additional ems.

3 (b) CONTINUATION OF SERVICES FOR FAMILIES
4 CEASING TO RECEIVE ASSISTANCE UNDER THE STATE
5 PROGRAM FUNDED UNDER PART A.—Section 454 (42
6 U.S.C. 654) is amended—

7 (1) by striking “and” at the end of paragraph
8 (23);

9 (2) by striking the period at the end of para-
10 graph (24) and inserting “; and”; and

11 (3) by adding after paragraph (24) the follow-
12 ing new paragraph:

13 “(25) provide that if a family with respect to
14 which services are provided under the plan ceases to
15 receive assistance under the State program funded
16 under part A, the State shall provide appropriate no-
17 tice to the family and continue to provide such serv-
18 ices, subject to the same conditions and on the same
19 basis as in the case of other individuals to whom
20 services are furnished under the plan, except that an
21 application or other request to continue services
22 shall not be required of such a family and paragraph
23 (6)(B) shall not apply to the family.”.

24 (c) CONFORMING AMENDMENTS.—

1 (1) Section 452(b) (42 U.S.C. 652(b)) is
 2 amended by striking “454(6)” and inserting
 3 “454(4)”.

4 (2) Section 452(g)(2)(A) (42 U.S.C.
 5 652(g)(2)(A)) is amended by striking “454(6)” each
 6 place it appears and inserting “454(4)(A)(ii)”.

7 (3) Section 466(a)(3)(B) (42 U.S.C.
 8 666(a)(3)(B)) is amended by striking “in the case of
 9 overdue support which a State has agreed to collect
 10 under section 454(6)” and inserting “in any other
 11 case”.

12 (4) Section 466(e) (42 U.S.C. 666(e)) is
 13 amended by striking “paragraph (4) or (6) of sec-
 14 tion 454” and inserting “section 454(4)”.

15 **SEC. 302. DISTRIBUTION OF CHILD SUPPORT COLLEC-**
 16 **TIONS.**

17 (a) IN GENERAL.—Section 457 (42 U.S.C. 657) is
 18 amended to read as follows:

19 **“SEC. 457. DISTRIBUTION OF COLLECTED SUPPORT.**

20 “(a) IN GENERAL.—An amount collected on behalf
 21 of a family as support by a State pursuant to a plan ap-
 22 proved under this part shall be distributed as follows:

23 “(1) FAMILIES RECEIVING ASSISTANCE.—In the
 24 case of a family receiving assistance from the State,
 25 the State shall—

1 “(A) pay to the Federal Government the
2 Federal share of the amount so collected; and

3 “(B) retain, or distribute to the family, the
4 State share of the amount so collected.

5 “(2) FAMILIES THAT FORMERLY RECEIVED AS-
6 SISTANCE.—In the case of a family that formerly re-
7 ceived assistance from the State:

8 “(A) CURRENT SUPPORT PAYMENTS.—To
9 the extent that the amount so collected does not
10 exceed the amount required to be paid to the
11 family for the month in which collected, the
12 State shall distribute the amount so collected to
13 the family.

14 “(B) PAYMENTS OF ARREARAGES.—To the
15 extent that the amount so collected exceeds the
16 amount required to be paid to the family for
17 the month in which collected, the State shall
18 distribute the amount so collected as follows:

19 “(i) DISTRIBUTION OF ARREARAGES
20 THAT ACCRUED AFTER THE FAMILY
21 CEASED TO RECEIVE ASSISTANCE.—

22 “(I) PRE-OCTOBER 1997.—The
23 provisions of this section (other than
24 subsection (b)(1)) as in effect and ap-
25 plied on the day before the date of the

1 enactment of section 302 of the Bi-
2 partisan Welfare Reform Act of 1996
3 shall apply with respect to the dis-
4 tribution of support arrearages that—

5 “(aa) accrued after the fam-
6 ily ceased to receive assistance,
7 and

8 “(bb) are collected before
9 October 1, 1997.

10 “(II) POST-SEPTEMBER 1997.—
11 With respect the amount so collected
12 on or after October 1, 1997, or before
13 such date, at the option of the
14 State—

15 “(aa) IN GENERAL.—The
16 State shall first distribute the
17 amount so collected (other than
18 any amount described in clause
19 (iv)) to the family to the extent
20 necessary to satisfy any support
21 arrearages with respect to the
22 family that accrued after the
23 family ceased to receive assist-
24 ance from the State.

1 “(bb) REIMBURSEMENT OF
2 GOVERNMENTS FOR ASSISTANCE
3 PROVIDED TO THE FAMILY.—

4 After the application of division
5 (aa) and clause (ii)(II)(aa) with
6 respect to the amount so col-
7 lected, the State shall retain the
8 State share of the amount so col-
9 lected, and pay to the Federal
10 Government the Federal share
11 (as defined in subsection
12 (c)(2)(A)) of the amount so col-
13 lected, but only to the extent nec-
14 essary to reimburse amounts paid
15 to the family as assistance by the
16 State.

17 “(cc) DISTRIBUTION OF THE
18 REMAINDER TO THE FAMILY.—
19 To the extent that neither divi-
20 sion (aa) nor division (bb) applies
21 to the amount so collected, the
22 State shall distribute the amount
23 to the family.

1 “(ii) DISTRIBUTION OF ARREARAGES
2 THAT ACCRUED BEFORE THE FAMILY RE-
3 CEIVED ASSISTANCE.—

4 “(I) PRE-OCTOBER 2000.—The
5 provisions of this section (other than
6 subsection (b)(1)) as in effect and ap-
7 plied on the day before the date of the
8 enactment of section 302 of the Bi-
9 partisan Welfare Reform Act of 1996
10 shall apply with respect to the dis-
11 tribution of support arrearages that—

12 “(aa) accrued before the
13 family received assistance, and

14 “(bb) are collected before
15 October 1, 2000.

16 “(II) POST-SEPTEMBER 2000.—
17 Unless, based on the report required
18 by paragraph (4), the Congress deter-
19 mines otherwise, with respect to the
20 amount so collected on or after Octo-
21 ber 1, 2000, or before such date, at
22 the option of the State—

23 “(aa) IN GENERAL.—The
24 State shall first distribute the
25 amount so collected (other than

1 any amount described in clause
2 (iv)) to the family to the extent
3 necessary to satisfy any support
4 arrearages with respect to the
5 family that accrued before the
6 family received assistance from
7 the State.

8 “(bb) REIMBURSEMENT OF
9 GOVERNMENTS FOR ASSISTANCE
10 PROVIDED TO THE FAMILY.—

11 After the application of clause
12 (i)(II)(aa) and division (aa) with
13 respect to the amount so col-
14 lected, the State shall retain the
15 State share of the amount so col-
16 lected, and pay to the Federal
17 Government the Federal share
18 (as defined in subsection (c)(2))
19 of the amount so collected, but
20 only to the extent necessary to
21 reimburse of the amounts paid to
22 the family as assistance by the
23 State.

24 “(cc) DISTRIBUTION OF THE
25 REMAINDER TO THE FAMILY.—

1 To the extent that neither divi-
2 sion (aa) nor division (bb) applies
3 to the amount so collected, the
4 State shall distribute the amount
5 to the family.

6 “(iii) DISTRIBUTION OF ARREARAGES
7 THAT ACCRUED WHILE THE FAMILY RE-
8 CEIVED ASSISTANCE.—In the case of a
9 family described in this subparagraph, the
10 provisions of paragraph (1) shall apply
11 with respect to the distribution of support
12 arrearages that accrued while the family
13 received assistance.

14 “(iv) AMOUNTS COLLECTED PURSU-
15 ANT TO SECTION 464.—Notwithstanding
16 any other provision of this section, any
17 amount of support collected pursuant to
18 section 464 shall be retained by the State
19 to the extent necessary to reimburse
20 amounts paid to the family as assistance
21 by the State. The State shall pay to the
22 Federal Government the Federal share of
23 the amounts so retained. To the extent the
24 amount collected pursuant to section 464

1 exceeds the amount so retained, the State
2 shall distribute the excess to the family.

3 “(v) ORDERING RULES FOR DISTRIBUTIONS.—For purposes of this subpara-
4 graph, the State shall treat any support
5 arrearages collected as accruing in the fol-
6 lowing order:
7

8 “(I) to the period after the fam-
9 ily ceased to receive assistance;

10 “(II) to the period before the
11 family received assistance; and

12 “(III) to the period while the
13 family was receiving assistance.

14 “(3) FAMILIES THAT NEVER RECEIVED ASSIST-
15 ANCE.—In the case of any other family, the State
16 shall distribute the amount so collected to the fam-
17 ily.

18 “(4) STUDY AND REPORT.—Not later than Oc-
19 tober 1, 1998, the Secretary shall report to the Con-
20 gress the Secretary’s findings with respect to—

21 “(A) whether the distribution of post-as-
22 sistance arrearages to families has been effec-
23 tive in moving people off of welfare and keeping
24 them off of welfare;

1 “(B) whether early implementation of a
2 pre-assistance arrearage program by some
3 States has been effective in moving people off
4 of welfare and keeping them off of welfare;

5 “(C) what the overall impact has been of
6 the amendments made by the Bipartisan Wel-
7 fare Reform Act of 1996 with respect to child
8 support enforcement in moving people off of
9 welfare and keeping them off of welfare; and

10 “(D) based on the information and data
11 the Secretary has obtained, what changes, if
12 any, should be made in the policies related to
13 the distribution of child support arrearages.

14 “(b) CONTINUATION OF ASSIGNMENTS.—Any rights
15 to support obligations, which were assigned to a State as
16 a condition of receiving assistance from the State under
17 part A and which were in effect on the day before the
18 date of the enactment of the Bipartisan Welfare Reform
19 Act of 1996, shall remain assigned after such date.

20 “(c) DEFINITIONS.—As used in subsection (a):

21 “(1) ASSISTANCE.—The term ‘assistance from
22 the State’ means—

23 “(A) assistance under the State program
24 funded under part A or under the State plan
25 approved under part A of this title (as in effect

1 on the day before the date of the enactment of
2 the Bipartisan Welfare Reform Act of 1996); or

3 “(B) benefits under the State plan ap-
4 proved under part E of this title (as in effect
5 on the day before the date of the enactment of
6 the Bipartisan Welfare Reform Act of 1996).

7 “(2) FEDERAL SHARE.—The term ‘Federal
8 share’ means that portion of the amount collected
9 resulting from the application of the Federal medical
10 percentage in effect for the fiscal year in which the
11 amount is collected.

12 “(3) FEDERAL MEDICAL ASSISTANCE PERCENT-
13 AGE.—The term ‘Federal medical assistance per-
14 centage’ means—

15 “(A) the Federal medical assistance per-
16 centage (as defined in section 1118), in the case
17 of Puerto Rico, the Virgin Islands, Guam, and
18 American Samoa; or

19 “(B) the Federal medical assistance per-
20 centage (as defined in section 1905(b)) in the
21 case of any other State.

22 “(4) STATE SHARE.—The term ‘State share’
23 means 100 percent minus the Federal share.

24 “(d) HOLD HARMLESS PROVISION.—If the amounts
25 collected which could be retained by the State in the fiscal

1 year (to the extent necessary to reimburse the State for
2 amounts paid to families as assistance by the State) are
3 less than the State share of the amounts collected in fiscal
4 year 1995 (determined in accordance with section 457 as
5 in effect on the day before the date of the enactment of
6 the Bipartisan Welfare Reform Act of 1996), the State
7 share for the fiscal year shall be an amount equal to the
8 State share in fiscal year 1995.”.

9 (b) CONFORMING AMENDMENTS.—

10 (1) Section 464(a)(1) (42 U.S.C. 664(a)(1)) is
11 amended by striking “section 457(b)(4) or (d)(3)”
12 and inserting “section 457”.

13 (2) Section 454 (42 U.S.C. 654) is amended—

14 (A) in paragraph (11)—

15 (i) by striking “(11)” and inserting
16 “(11)(A)”; and

17 (ii) by inserting after the semicolon
18 “and”; and

19 (B) by redesignating paragraph (12) as
20 subparagraph (B) of paragraph (11).

21 (c) EFFECTIVE DATES.—

22 (1) IN GENERAL.—Except as provided in para-
23 graph (2), the amendments made by this section
24 shall be effective on October 1, 1996, or earlier at
25 the State’s option.

1 (2) CONFORMING AMENDMENTS.—The amend-
2 ments made by subsection (b)(2) shall become effec-
3 tive on the date of the enactment of this Act.

4 **SEC. 303. PRIVACY SAFEGUARDS.**

5 (a) STATE PLAN REQUIREMENT.—Section 454 (42
6 U.S.C. 654), as amended by section 301(b) of this Act,
7 is amended—

8 (1) by striking “and” at the end of paragraph
9 (24);

10 (2) by striking the period at the end of para-
11 graph (25) and inserting “; and”; and

12 (3) by adding after paragraph (25) the follow-
13 ing new paragraph:

14 “(26) will have in effect safeguards, applicable
15 to all confidential information handled by the State
16 agency, that are designed to protect the privacy
17 rights of the parties, including—

18 “(A) safeguards against unauthorized use
19 or disclosure of information relating to proceed-
20 ings or actions to establish paternity, or to es-
21 tablish or enforce support;

22 “(B) prohibitions against the release of in-
23 formation on the whereabouts of 1 party to an-
24 other party against whom a protective order

1 with respect to the former party has been en-
2 tered; and

3 “(C) prohibitions against the release of in-
4 formation on the whereabouts of 1 party to an-
5 other party if the State has reason to believe
6 that the release of the information may result
7 in physical or emotional harm to the former
8 party.”.

9 (b) EFFECTIVE DATE.—The amendment made by
10 subsection (a) shall become effective on October 1, 1997.

11 **SEC. 304. RIGHTS TO NOTIFICATION AND HEARINGS.**

12 (a) IN GENERAL.—Section 454 (42 U.S.C. 654), as
13 amended by section 302(b)(2) of this Act, is amended by
14 inserting after paragraph (11) the following new para-
15 graph:

16 “(12) provide for the establishment of proce-
17 dures to require the State to provide individuals who
18 are applying for or receiving services under the State
19 plan, or who are parties to cases in which services
20 are being provided under the State plan—

21 “(A) with notice of all proceedings in
22 which support obligations might be established
23 or modified; and

24 “(B) with a copy of any order establishing
25 or modifying a child support obligation, or (in

1 the case of a petition for modification) a notice
 2 of determination that there should be no change
 3 in the amount of the child support award, with-
 4 in 14 days after issuance of such order or de-
 5 termination;”.

6 (b) EFFECTIVE DATE.—The amendment made by
 7 subsection (a) shall become effective on October 1, 1997.

8 **Subtitle B—Locate and Case** 9 **Tracking**

10 **SEC. 311. STATE CASE REGISTRY.**

11 Section 454A, as added by section 344(a)(2) of this
 12 Act, is amended by adding at the end the following new
 13 subsections:

14 “(e) STATE CASE REGISTRY.—

15 “(1) CONTENTS.—The automated system re-
 16 quired by this section shall include a registry (which
 17 shall be known as the ‘State case registry’) that con-
 18 tains records with respect to—

19 “(A) each case in which services are being
 20 provided by the State agency under the State
 21 plan approved under this part; and

22 “(B) each support order established or
 23 modified in the State on or after October 1,
 24 1998.

1 “(2) LINKING OF LOCAL REGISTRIES.—The
2 State case registry may be established by linking
3 local case registries of support orders through an
4 automated information network, subject to this sec-
5 tion.

6 “(3) USE OF STANDARDIZED DATA ELE-
7 MENTS.—Such records shall use standardized data
8 elements for both parents (such as names, social se-
9 curity numbers and other uniform identification
10 numbers, dates of birth, and case identification
11 numbers), and contain such other information (such
12 as on-case status) as the Secretary may require.

13 “(4) PAYMENT RECORDS.—Each case record in
14 the State case registry with respect to which services
15 are being provided under the State plan approved
16 under this part and with respect to which a support
17 order has been established shall include a record
18 of—

19 “(A) the amount of monthly (or other peri-
20 odic) support owed under the order, and other
21 amounts (including arrearages, interest or late
22 payment penalties, and fees) due or overdue
23 under the order;

24 “(B) any amount described in subpara-
25 graph (A) that has been collected;

1 “(C) the distribution of such collected
2 amounts;

3 “(D) the birth date of any child for whom
4 the order requires the provision of support; and

5 “(E) the amount of any lien imposed with
6 respect to the order pursuant to section
7 466(a)(4).

8 “(5) UPDATING AND MONITORING.—The State
9 agency operating the automated system required by
10 this section shall promptly establish and maintain,
11 and regularly monitor, case records in the State case
12 registry with respect to which services are being pro-
13 vided under the State plan approved under this part,
14 on the basis of—

15 “(A) information on administrative actions
16 and administrative and judicial proceedings and
17 orders relating to paternity and support;

18 “(B) information obtained from compari-
19 son with Federal, State, or local sources of in-
20 formation;

21 “(C) information on support collections
22 and distributions; and

23 “(D) any other relevant information.

24 “(f) INFORMATION COMPARISONS AND OTHER DIS-
25 CLOSURES OF INFORMATION.—The State shall use the

1 automated system required by this section to extract infor-
2 mation from (at such times, and in such standardized for-
3 mat or formats, as may be required by the Secretary), to
4 share and compare information with, and to receive infor-
5 mation from, other data bases and information compari-
6 son services, in order to obtain (or provide) information
7 necessary to enable the State agency (or the Secretary or
8 other State or Federal agencies) to carry out this part,
9 subject to section 6103 of the Internal Revenue Code of
10 1986. Such information comparison activities shall include
11 the following:

12 “(1) FEDERAL CASE REGISTRY OF CHILD SUP-
13 PORT ORDERS.—Furnishing to the Federal Case
14 Registry of Child Support Orders established under
15 section 453(h) (and update as necessary, with infor-
16 mation including notice of expiration of orders) the
17 minimum amount of information on child support
18 cases recorded in the State case registry that is nec-
19 essary to operate the registry (as specified by the
20 Secretary in regulations).

21 “(2) FEDERAL PARENT LOCATOR SERVICE.—
22 Exchanging information with the Federal Parent
23 Locator Service for the purposes specified in section
24 453.

1 “(3) TEMPORARY FAMILY ASSISTANCE AND
2 MEDICAID AGENCIES.—Exchanging information with
3 State agencies (of the State and of other States) ad-
4 ministering programs funded under part A, pro-
5 grams operated under State plans under title XIX,
6 and other programs designated by the Secretary, as
7 necessary to perform State agency responsibilities
8 under this part and under such programs.

9 “(4) INTRASTATE AND INTERSTATE INFORMA-
10 TION COMPARISONS.—Exchanging information with
11 other agencies of the State, agencies of other States,
12 and interstate information networks, as necessary
13 and appropriate to carry out (or assist other States
14 to carry out) the purposes of this part.”.

15 **SEC. 312. COLLECTION AND DISBURSEMENT OF SUPPORT**
16 **PAYMENTS.**

17 (a) STATE PLAN REQUIREMENT.—Section 454 (42
18 U.S.C. 654), as amended by sections 301(b) and 303(a)
19 of this Act, is amended—

20 (1) by striking “and” at the end of paragraph
21 (25);

22 (2) by striking the period at the end of para-
23 graph (26) and inserting “; and”; and

24 (3) by adding after paragraph (26) the follow-
25 ing new paragraph:

1 “(27) provide that, on and after October 1,
2 1998, the State agency will—

3 “(A) operate a State disbursement unit in
4 accordance with section 454B; and

5 “(B) have sufficient State staff (consisting
6 of State employees) and (at State option) con-
7 tractors reporting directly to the State agency
8 to—

9 “(i) monitor and enforce support col-
10 lections through the unit in cases being en-
11 forced by the State pursuant to section
12 454(4) (including carrying out the auto-
13 mated data processing responsibilities de-
14 scribed in section 454A(g)); and

15 “(ii) take the actions described in sec-
16 tion 466(c)(1) in appropriate cases.”.

17 (b) ESTABLISHMENT OF STATE DISBURSEMENT
18 UNIT.—Part D of title IV (42 U.S.C. 651–669), as
19 amended by section 344(a)(2) of this Act, is amended by
20 inserting after section 454A the following new section:

21 **“SEC. 454B. COLLECTION AND DISBURSEMENT OF SUP-**
22 **PORT PAYMENTS.**

23 “(a) STATE DISBURSEMENT UNIT.—

24 “(1) IN GENERAL.—In order for a State to
25 meet the requirements of this section, the State

1 agency must establish and operate a unit (which
2 shall be known as the ‘State disbursement unit’) for
3 the collection and disbursement of payments under
4 support orders—

5 “(A) in all cases being enforced by the
6 State pursuant to section 454(4); and

7 “(B) in all cases not being enforced by the
8 State under this part in which the support
9 order is initially issued in the State on or after
10 January 1, 1994, and in which the wages of the
11 absent parent are subject to withholding pursu-
12 ant to section 466(a)(8)(B).

13 “(2) OPERATION.—The State disbursement
14 unit shall be operated—

15 “(A) directly by the State agency (or 2 or
16 more State agencies under a regional coopera-
17 tive agreement), or (to the extent appropriate)
18 by a contractor responsible directly to the State
19 agency; and

20 “(B) except in cases described in para-
21 graph (1)(B), in coordination with the auto-
22 mated system established by the State pursuant
23 to section 454A.

24 “(3) LINKING OF LOCAL DISBURSEMENT
25 UNITS.—The State disbursement unit may be estab-

1 lished by linking local disbursement units through
2 an automated information network, subject to this
3 section, if the Secretary agrees that the system will
4 not cost more nor take more time to establish or op-
5 erate than a centralized system. In addition, employ-
6 ers shall be given 1 location to which income with-
7 holding is sent.

8 “(b) REQUIRED PROCEDURES.—The State disburse-
9 ment unit shall use automated procedures, electronic proc-
10 esses, and computer-driven technology to the maximum
11 extent feasible, efficient, and economical, for the collection
12 and disbursement of support payments, including proce-
13 dures—

14 “(1) for receipt of payments from parents, em-
15 ployers, and other States, and for disbursements to
16 custodial parents and other obligees, the State agen-
17 cy, and the agencies of other States;

18 “(2) for accurate identification of payments;

19 “(3) to ensure prompt disbursement of the cus-
20 todial parent’s share of any payment; and

21 “(4) to furnish to any parent, upon request,
22 timely information on the current status of support
23 payments under an order requiring payments to be
24 made by or to the parent.

25 “(c) TIMING OF DISBURSEMENTS.—

1 “(1) IN GENERAL.—Except as provided in para-
2 graph (2), the State disbursement unit shall distrib-
3 ute all amounts payable under section 457(a) within
4 2 business days after receipt from the employer or
5 other source of periodic income, if sufficient infor-
6 mation identifying the payee is provided.

7 “(2) PERMISSIVE RETENTION OF ARREAR-
8 AGES.—The State disbursement unit may delay the
9 distribution of collections toward arrearages until
10 the resolution of any timely appeal with respect to
11 such arrearages.

12 “(d) BUSINESS DAY DEFINED.—As used in this sec-
13 tion, the term ‘business day’ means a day on which State
14 offices are open for regular business.”.

15 (c) USE OF AUTOMATED SYSTEM.—Section 454A, as
16 added by section 344(a)(2) and as amended by section 311
17 of this Act, is amended by adding at the end the following
18 new subsection:

19 “(g) COLLECTION AND DISTRIBUTION OF SUPPORT
20 PAYMENTS.—

21 “(1) IN GENERAL.—The State shall use the
22 automated system required by this section, to the
23 maximum extent feasible, to assist and facilitate the
24 collection and disbursement of support payments
25 through the State disbursement unit operated under

1 section 454B, through the performance of functions,
2 including, at a minimum—

3 “(A) transmission of orders and notices to
4 employers (and other debtors) for the withhold-
5 ing of wages and other income—

6 “(i) within 2 business days after re-
7 ceipt from a court, another State, an em-
8 ployer, the Federal Parent Locator Service,
9 or another source recognized by the State
10 of notice of, and the income source subject
11 to, such withholding; and

12 “(ii) using uniform formats prescribed
13 by the Secretary;

14 “(B) ongoing monitoring to promptly iden-
15 tify failures to make timely payment of support;
16 and

17 “(C) automatic use of enforcement proce-
18 dures (including procedures authorized pursu-
19 ant to section 466(c)) if payments are not time-
20 ly made.

21 “(2) BUSINESS DAY DEFINED.—As used in
22 paragraph (1), the term ‘business day’ means a day
23 on which State offices are open for regular busi-
24 ness.”.

1 (d) EFFECTIVE DATE.—The amendments made by
2 this section shall become effective on October 1, 1998.

3 **SEC. 313. STATE DIRECTORY OF NEW HIRES.**

4 (a) STATE PLAN REQUIREMENT.—Section 454 (42
5 U.S.C. 654), as amended by sections 301(b), 303(a) and
6 312(a) of this Act, is amended—

7 (1) by striking “and” at the end of paragraph
8 (26);

9 (2) by striking the period at the end of para-
10 graph (27) and inserting “; and”; and

11 (3) by adding after paragraph (27) the follow-
12 ing new paragraph:

13 “(28) provide that, on and after October 1,
14 1997, the State will operate a State Directory of
15 New Hires in accordance with section 453A.”.

16 (b) STATE DIRECTORY OF NEW HIRES.—Part D of
17 title IV (42 U.S.C. 651–669) is amended by inserting
18 after section 453 the following new section:

19 **“SEC. 453A. STATE DIRECTORY OF NEW HIRES.**

20 **“(a) ESTABLISHMENT.—**

21 **“(1) IN GENERAL.—**

22 **“(A) REQUIREMENT FOR STATES THAT**
23 **HAVE NO DIRECTORY.—**Except as provided in
24 subparagraph (B), not later than October 1,
25 1997, each State shall establish an automated

1 directory (to be known as the ‘State Directory
2 of New Hires’) which shall contain information
3 supplied in accordance with subsection (b) by
4 employers on each newly hired employee.

5 “(B) STATES WITH NEW HIRE REPORTING
6 IN EXISTENCE.—A State which has a new hire
7 reporting law in existence on the date of the en-
8 actment of this section may continue to operate
9 under the State law, but the State must meet
10 the requirements of this section (other than
11 subsection (f)) not later than October 1, 1997.

12 “(2) DEFINITIONS.—As used in this section:

13 “(A) EMPLOYEE.—The term ‘employee’—

14 “(i) means an individual who is an
15 employee within the meaning of chapter 24
16 of the Internal Revenue Code of 1986; and

17 “(ii) does not include an employee of
18 a Federal or State agency performing in-
19 telligence or counterintelligence functions,
20 if the head of such agency has determined
21 that reporting pursuant to paragraph (1)
22 with respect to the employee could endan-
23 ger the safety of the employee or com-
24 promise an ongoing investigation or intel-
25 ligence mission.

1 “(B) EMPLOYER.—

2 “(i) IN GENERAL.—The term ‘em-
3 ployer’ has the meaning given such term in
4 section 3401(d) of the Internal Revenue
5 Code of 1996 and includes any govern-
6 mental entity and any labor organization.

7 “(ii) LABOR ORGANIZATION.—The
8 term ‘labor organization’ shall have the
9 meaning given such term in section 2(5) of
10 the National Labor Relations Act, and in-
11 cludes any entity (also known as a ‘hiring
12 hall’) which is used by the organization
13 and an employer to carry out requirements
14 described in section 8(f)(3) of such Act of
15 an agreement between the organization
16 and the employer.

17 “(b) EMPLOYER INFORMATION.—

18 “(1) REPORTING REQUIREMENT.—

19 “(A) IN GENERAL.—Except as provided in
20 subparagraphs (B) and (C), each employer shall
21 furnish to the Directory of New Hires of the
22 State in which a newly hired employee works, a
23 report that contains the name, address, and so-
24 cial security number of the employee, and the
25 name and address of, and identifying number

1 assigned under section 6109 of the Internal
2 Revenue Code of 1986 to, the employer.

3 “(B) MULTISTATE EMPLOYERS.—An em-
4 ployer that has employees who are employed in
5 2 or more States and that transmits reports
6 magnetically or electronically may comply with
7 subparagraph (A) by designating 1 State in
8 which such employer has employees to which
9 the employer will transmit the report described
10 in subparagraph (A), and transmitting such re-
11 port to such State. Any employer that transmits
12 reports pursuant to this subparagraph shall no-
13 tify the Secretary in writing as to which State
14 such employer designates for the purpose of
15 sending reports.

16 “(C) FEDERAL GOVERNMENT EMPLOY-
17 ERS.—Any department, agency, or instrumen-
18 tality of the United States shall comply with
19 subparagraph (A) by transmitting the report
20 described in subparagraph (A) to the National
21 Directory of New Hires established pursuant to
22 section 453.

23 “(2) TIMING OF REPORT.—Each State may
24 provide the time within which the report required by

1 paragraph (1) shall be made with respect to an em-
 2 ployee, but such report shall be made—

3 “(A) not later than 20 days after the date
 4 the employer hires the employee; or

5 “(B) in the case of an employer transmit-
 6 ting reports magnetically or electronically, by 2
 7 monthly transmissions (if necessary) not less
 8 than 12 days nor more than 16 days apart.

9 “(c) REPORTING FORMAT AND METHOD.—Each re-
 10 port required by subsection (b) shall be made on a W-
 11 4 form or, at the option of the employer, an equivalent
 12 form, and may be transmitted by 1st class mail, magneti-
 13 cally, or electronically.

14 “(d) CIVIL MONEY PENALTIES ON NONCOMPLYING
 15 EMPLOYERS.—The State shall have the option to set a
 16 State civil money penalty which shall be less than—

17 “(1) \$25; or

18 “(2) \$500 if, under State law, the failure is the
 19 result of a conspiracy between the employer and the
 20 employee to not supply the required report or to
 21 supply a false or incomplete report.

22 “(e) ENTRY OF EMPLOYER INFORMATION.—Infor-
 23 mation shall be entered into the data base maintained by
 24 the State Directory of New Hires within 5 business days
 25 of receipt from an employer pursuant to subsection (b).

1 “(f) INFORMATION COMPARISONS.—

2 “(1) IN GENERAL.—Not later than May 1,
3 1998, an agency designated by the State shall, di-
4 rectly or by contract, conduct automated compari-
5 sons of the social security numbers reported by em-
6 ployers pursuant to subsection (b) and the social se-
7 curity numbers appearing in the records of the State
8 case registry for cases being enforced under the
9 State plan.

10 “(2) NOTICE OF MATCH.—When an information
11 comparison conducted under paragraph (1) reveals a
12 match with respect to the social security number of
13 an individual required to provide support under a
14 support order, the State Directory of New Hires
15 shall provide the agency administering the State
16 plan approved under this part of the appropriate
17 State with the name, address, and social security
18 number of the employee to whom the social security
19 number is assigned, and the name of, and identify-
20 ing number assigned under section 6109 of the In-
21 ternal Revenue Code of 1986 to the employer.

22 “(g) TRANSMISSION OF INFORMATION.—

23 “(1) TRANSMISSION OF WAGE WITHHOLDING
24 NOTICES TO EMPLOYERS.—Within 2 business days
25 after the date information regarding a newly hired

1 employee is entered into the State Directory of New
2 Hires, the State agency enforcing the employee's
3 child support obligation shall transmit a notice to
4 the employer of the employee directing the employer
5 to withhold from the wages of the employee an
6 amount equal to the monthly (or other periodic)
7 child support obligation (including any past due sup-
8 port obligation) of the employee, unless the employ-
9 ee's wages are not subject to withholding pursuant
10 to section 466(b)(3).

11 “(2) TRANSMISSIONS TO THE NATIONAL DIREC-
12 TORY OF NEW HIRES.—

13 “(A) NEW HIRE INFORMATION.—Within 3
14 business days after the date information re-
15 garding a newly hired employee is entered into
16 the State Directory of New Hires, the State Di-
17 rectory of New Hires shall furnish the informa-
18 tion to the National Directory of New Hires.

19 “(B) WAGE AND UNEMPLOYMENT COM-
20 PENSATION INFORMATION.—The State Direc-
21 tory of New Hires shall, on a quarterly basis,
22 furnish to the National Directory of New Hires
23 extracts of the reports required under section
24 303(a)(6) to be made to the Secretary of Labor
25 concerning the wages and unemployment com-

1 pensation paid to individuals, by such dates, in
2 such format, and containing such information
3 as the Secretary of Health and Human Services
4 shall specify in regulations.

5 “(3) BUSINESS DAY DEFINED.—As used in this
6 subsection, the term ‘business day’ means a day on
7 which State offices are open for regular business.

8 “(h) OTHER USES OF NEW HIRE INFORMATION.—

9 “(1) LOCATION OF CHILD SUPPORT OBLI-
10 GORS.—The agency administering the State plan ap-
11 proved under this part shall use information received
12 pursuant to subsection (f)(2) to locate individuals
13 for purposes of establishing paternity and establish-
14 ing, modifying, and enforcing child support obliga-
15 tions.

16 “(2) VERIFICATION OF ELIGIBILITY FOR CER-
17 TAIN PROGRAMS.—A State agency responsible for
18 administering a program specified in section 1137(b)
19 shall have access to information reported by employ-
20 ers pursuant to subsection (b) of this section for
21 purposes of verifying eligibility for the program.

22 “(3) ADMINISTRATION OF EMPLOYMENT SECU-
23 RITY AND WORKERS’ COMPENSATION.—State agen-
24 cies operating employment security and workers’
25 compensation programs shall have access to informa-

tion reported by employers pursuant to subsection
(b) for the purposes of administering such pro-
grams.”.

4 (c) QUARTERLY WAGE REPORTING.—Section
5 1137(a)(3) (42 U.S.C. 1320b-7(a)(3)) is amended—

(1) by inserting “(including State and local governmental entities and labor organizations (as defined in section 453A(a)(2)(B)(iii))” after “employers”; and

(2) by inserting “, and except that no report shall be filed with respect to an employee of a State or local agency performing intelligence or counter-intelligence functions, if the head of such agency has determined that filing such a report could endanger the safety of the employee or compromise an ongoing investigation or intelligence mission” after “paragraph (2)”.

18 SEC. 314. AMENDMENTS CONCERNING INCOME WITHHOLD-
19 ING.

20 (a) MANDATORY INCOME WITHHOLDING.—

(1) IN GENERAL.—Section 466(a)(1) (42 U.S.C. 666(a)(1)) is amended to read as follows:

23 “(1)(A) Procedures described in subsection (b)
24 for the withholding from income of amounts payable

1 as support in cases subject to enforcement under the
2 State plan.

3 “(B) Procedures under which the wages of a
4 person with a support obligation imposed by a sup-
5 port order issued (or modified) in the State before
6 October 1, 1996, if not otherwise subject to with-
7 holding under subsection (b), shall become subject to
8 withholding as provided in subsection (b) if arrear-
9 ages occur, without the need for a judicial or admin-
10 istrative hearing.”.

11 (2) CONFORMING AMENDMENTS.—

12 (A) Section 466(b) (42 U.S.C. 666(b)) is
13 amended in the matter preceding paragraph
14 (1), by striking “subsection (a)(1)” and insert-
15 ing “subsection (a)(1)(A)”.

16 (B) Section 466(b)(4) (42 U.S.C.
17 666(b)(4)) is amended to read as follows:

18 “(4)(A) Such withholding must be carried out
19 in full compliance with all procedural due process re-
20 quirements of the State, and the State must send
21 notice to each noncustodial parent to whom para-
22 graph (1) applies—

23 “(i) that the withholding has commenced;

24 and

1 “(ii) of the procedures to follow if the non-
2 custodial parent desires to contest such with-
3 holding on the grounds that the withholding or
4 the amount withheld is improper due to a mis-
5 take of fact.

6 “(B) The notice under subparagraph (A) of this
7 paragraph shall include the information provided to
8 the employer under paragraph (6)(A).”.

9 (C) Section 466(b)(5) (42 U.S.C.
10 666(b)(5)) is amended by striking all that fol-
11 lows “administered by” and inserting “the
12 State through the State disbursement unit es-
13 tablished pursuant to section 454B, in accord-
14 ance with the requirements of section 454B.”.

15 (D) Section 466(b)(6)(A) (42 U.S.C.
16 666(b)(6)(A)) is amended—

17 (i) in clause (i), by striking “to the
18 appropriate agency” and all that follows
19 and inserting “to the State disbursement
20 unit within 2 business days after the date
21 the amount would (but for this subsection)
22 have been paid or credited to the employee,
23 for distribution in accordance with this
24 part. The employer shall comply with the
25 procedural rules relating to income with-

1 holding of the State in which the employee
2 works, regardless of the State where the
3 notice originates.”.

4 (ii) in clause (ii), by inserting “be in
5 a standard format prescribed by the Sec-
6 retary, and” after “shall”; and

7 (iii) by adding at the end the follow-
8 ing new clause:

9 “(iii) As used in this subparagraph, the term
10 ‘business day’ means a day on which State offices
11 are open for regular business.”.

12 (E) Section 466(b)(6)(D) (42 U.S.C.
13 666(b)(6)(D)) is amended by striking “any em-
14 ployer” and all that follows and inserting “any
15 employer who—

16 “(i) discharges from employment, refuses
17 to employ, or takes disciplinary action against
18 any noncustodial parent subject to wage with-
19 holding required by this subsection because of
20 the existence of such withholding and the obli-
21 gations or additional obligations which it im-
22 poses upon the employer; or

23 “(ii) fails to withhold support from wages,
24 or to pay such amounts to the State disburse-
25 ment unit in accordance with this subsection.”.

1 (F) Section 466(b) (42 U.S.C. 666(b)) is
2 amended by adding at the end the following
3 new paragraph:

4 “(11) Procedures under which the agency ad-
5 ministering the State plan approved under this part
6 may execute a withholding order without advance
7 notice to the obligor, including issuing the withhold-
8 ing order through electronic means.”.

9 (b) CONFORMING AMENDMENT.—Section 466(c) (42
10 U.S.C. 666(c)) is repealed.

11 **SEC. 315. LOCATOR INFORMATION FROM INTERSTATE NET-**
12 **WORKS.**

13 Section 466(a) (42 U.S.C. 666(a)) is amended by
14 adding at the end the following new paragraph:

15 “(12) LOCATOR INFORMATION FROM INTER-
16 STATE NETWORKS.—Procedures to ensure that all
17 Federal and State agencies conducting activities
18 under this part have access to any system used by
19 the State to locate an individual for purposes relat-
20 ing to motor vehicles or law enforcement.”.

21 **SEC. 316. EXPANSION OF THE FEDERAL PARENT LOCATOR**
22 **SERVICE.**

23 (a) EXPANDED AUTHORITY TO LOCATE INDIVID-
24 UALS AND ASSETS.—Section 453 (42 U.S.C. 653) is
25 amended—

1 (1) in subsection (a), by striking all that follows
2 “subsection (c))” and inserting “, for the purpose of
3 establishing parentage, establishing, setting the
4 amount of, modifying, or enforcing child support ob-
5 ligations, or enforcing child custody or visitation or-
6 ders—

7 “(1) information on, or facilitating the discov-
8 ery of, the location of any individual—

9 “(A) who is under an obligation to pay
10 child support or provide child custody or visita-
11 tion rights;

12 “(B) against whom such an obligation is
13 sought;

14 “(C) to whom such an obligation is owed,
15 including the individual’s social security number (or
16 numbers), most recent address, and the name, ad-
17 dress, and employer identification number of the in-
18 dividual’s employer;

19 “(2) information on the individual’s wages (or
20 other income) from, and benefits of, employment (in-
21 cluding rights to or enrollment in group health care
22 coverage); and

23 “(3) information on the type, status, location,
24 and amount of any assets of, or debts owed by or
25 to, any such individual.”; and

1 (2) in subsection (b)—

2 (A) in the matter preceding paragraph (1),
3 by striking “social security” and all that follows
4 through “absent parent” and inserting “infor-
5 mation described in subsection (a)”;

6 (B) in the flush paragraph at the end, by
7 adding the following: “No information shall be
8 disclosed to any person if the State has notified
9 the Secretary that the State has reasonable evi-
10 dence of domestic violence or child abuse and
11 the disclosure of such information could be
12 harmful to the custodial parent or the child of
13 such parent. Information received or transmit-
14 ted pursuant to this section shall be subject to
15 the safeguard provisions contained in section
16 454(26).”.

17 (b) AUTHORIZED PERSON FOR INFORMATION RE-
18 GARDING VISITATION RIGHTS.—Section 453(c) (42
19 U.S.C. 653(c)) is amended—

20 (1) in paragraph (1), by striking “support” and
21 inserting “support or to seek to enforce orders pro-
22 viding child custody or visitation rights”; and

23 (2) in paragraph (2), by striking “, or any
24 agent of such court; and” and inserting “or to issue

1 an order against a resident parent for child custody
2 or visitation rights, or any agent of such court;”.

3 (c) REIMBURSEMENT FOR INFORMATION FROM FED-
4 ERAL AGENCIES.—Section 453(e)(2) (42 U.S.C.
5 653(e)(2)) is amended in the 4th sentence by inserting
6 “in an amount which the Secretary determines to be rea-
7 sonable payment for the information exchange (which
8 amount shall not include payment for the costs of obtain-
9 ing, compiling, or maintaining the information)” before
10 the period.

11 (d) REIMBURSEMENT FOR REPORTS BY STATE
12 AGENCIES.—Section 453 (42 U.S.C. 653) is amended by
13 adding at the end the following new subsection:

14 “(g) REIMBURSEMENT FOR REPORTS BY STATE
15 AGENCIES.—The Secretary may reimburse Federal and
16 State agencies for the costs incurred by such entities in
17 furnishing information requested by the Secretary under
18 this section in an amount which the Secretary determines
19 to be reasonable payment for the information exchange
20 (which amount shall not include payment for the costs of
21 obtaining, compiling, or maintaining the information).”.

22 (e) CONFORMING AMENDMENTS.—

23 (1) Sections 452(a)(9), 453(a), 453(b), 463(a),
24 463(e), and 463(f) (42 U.S.C. 652(a)(9), 653(a),
25 653(b), 663(a), 663(e), and 663(f)) are each amend-

1 ed by inserting “Federal” before “Parent” each
2 place such term appears.

3 (2) Section 453 (42 U.S.C. 653) is amended in
4 the heading by adding “FEDERAL” before “PAR-
5 ENT”.

6 (f) NEW COMPONENTS.—Section 453 (42 U.S.C.
7 653), as amended by subsection (d) of this section, is
8 amended by adding at the end the following new sub-
9 sections:

10 “(h) FEDERAL CASE REGISTRY OF CHILD SUPPORT
11 ORDERS.—

12 “(1) IN GENERAL.—Not later than October 1,
13 1998, in order to assist States in administering pro-
14 grams under State plans approved under this part
15 and programs funded under part A, and for the
16 other purposes specified in this section, the Sec-
17 retary shall establish and maintain in the Federal
18 Parent Locator Service an automated registry
19 (which shall be known as the ‘Federal Case Registry
20 of Child Support Orders’), which shall contain ab-
21 stracts of support orders and other information de-
22 scribed in paragraph (2) with respect to each case
23 in each State case registry maintained pursuant to
24 section 454A(e), as furnished (and regularly up-

1 dated), pursuant to section 454A(f), by State agen-
2 cies administering programs under this part.

3 “(2) CASE INFORMATION.—The information re-
4 ferred to in paragraph (1) with respect to a case
5 shall be such information as the Secretary may
6 specify in regulations (including the names, social
7 security numbers or other uniform identification
8 numbers, and State case identification numbers) to
9 identify the individuals who owe or are owed support
10 (or with respect to or on behalf of whom support ob-
11 ligations are sought to be established), and the State
12 or States which have the case.

13 “(i) NATIONAL DIRECTORY OF NEW HIRES.—

14 “(1) IN GENERAL.—In order to assist States in
15 administering programs under State plans approved
16 under this part and programs funded under part A,
17 and for the other purposes specified in this section,
18 the Secretary shall, not later than October 1, 1996,
19 establish and maintain in the Federal Parent Loca-
20 tor Service an automated directory to be known as
21 the National Directory of New Hires, which shall
22 contain the information supplied pursuant to section
23 453A(g)(2).

24 “(2) ENTRY OF DATA.—Information shall be
25 entered into the data base maintained by the Na-

1 tional Directory of New Hires within 2 business
2 days of receipt pursuant to section 453A(g)(2).

3 “(3) ADMINISTRATION OF FEDERAL TAX
4 LAWS.—The Secretary of the Treasury shall have
5 access to the information in the National Directory
6 of New Hires for purposes of administering section
7 32 of the Internal Revenue Code of 1986, or the ad-
8 vance payment of the earned income tax credit
9 under section 3507 of such Code, and verifying a
10 claim with respect to employment in a tax return.

11 “(4) LIST OF MULTISTATE EMPLOYERS.—The
12 Secretary shall maintain within the National Direc-
13 tory of New Hires a list of multistate employers that
14 report information regarding newly hired employees
15 pursuant to section 453A(b)(1)(B), and the State
16 which each such employer has designated to receive
17 such information.

18 “(j) INFORMATION COMPARISONS AND OTHER DIS-
19 CLOSURES.—

20 “(1) VERIFICATION BY SOCIAL SECURITY AD-
21 MINISTRATION.—

22 “(A) IN GENERAL.—The Secretary shall
23 transmit information on individuals and em-
24 ployers maintained under this section to the So-
25 cial Security Administration to the extent nec-

1 essary for verification in accordance with sub-
2 paragraph (B).

3 “(B) VERIFICATION BY SSA.—The Social
4 Security Administration shall verify the accu-
5 racy of, correct, or supply to the extent pos-
6 sible, and report to the Secretary, the following
7 information supplied by the Secretary pursuant
8 to subparagraph (A):

9 “(i) The name, social security num-
10 ber, and birth date of each such individual.

11 “(ii) The employer identification num-
12 ber of each such employer.

13 “(2) INFORMATION COMPARISONS.—For the
14 purpose of locating individuals in a paternity estab-
15 lishment case or a case involving the establishment,
16 modification, or enforcement of a support order, the
17 Secretary shall—

18 “(A) compare information in the National
19 Directory of New Hires against information in
20 the support case abstracts in the Federal Case
21 Registry of Child Support Orders not less often
22 than every 2 business days; and

23 “(B) within 2 such days after such a com-
24 parison reveals a match with respect to an indi-

1 vidual, report the information to the State
2 agency responsible for the case.

3 “(3) INFORMATION COMPARISONS AND DISCLO-
4 SURES OF INFORMATION IN ALL REGISTRIES FOR
5 TITLE IV PROGRAM PURPOSES.—To the extent and
6 with the frequency that the Secretary determines to
7 be effective in assisting States to carry out their re-
8 sponsibilities under programs operated under this
9 part and programs funded under part A, the Sec-
10 retary shall—

11 “(A) compare the information in each com-
12 ponent of the Federal Parent Locator Service
13 maintained under this section against the infor-
14 mation in each other such component (other
15 than the comparison required by paragraph
16 (2)), and report instances in which such a com-
17 parison reveals a match with respect to an indi-
18 vidual to State agencies operating such pro-
19 grams; and

20 “(B) disclose information in such registries
21 to such State agencies.

22 “(4) PROVISION OF NEW HIRE INFORMATION
23 TO THE SOCIAL SECURITY ADMINISTRATION.—The
24 National Directory of New Hires shall provide the
25 Commissioner of Social Security with all information

1 in the National Directory, which shall be used to de-
2 termine the accuracy of payments under the supple-
3 mental security income program under title XVI and
4 in connection with benefits under title II.

5 “(5) RESEARCH.—The Secretary may provide
6 access to information reported by employers pursu-
7 ant to section 453A(b) for research purposes found
8 by the Secretary to be likely to contribute to achiev-
9 ing the purposes of part A or this part, but without
10 personal identifiers.

11 “(k) FEES.—

12 “(1) FOR SSA VERIFICATION.—The Secretary
13 shall reimburse the Commissioner of Social Security,
14 at a rate negotiated between the Secretary and the
15 Commissioner, for the costs incurred by the Com-
16 missioner in performing the verification services de-
17 scribed in subsection (j).

18 “(2) FOR INFORMATION FROM STATE DIREC-
19 TORIES OF NEW HIRES.—The Secretary shall reim-
20 burse costs incurred by State directories of new
21 hires in furnishing information as required by sub-
22 section (j)(3), at rates which the Secretary deter-
23 mines to be reasonable (which rates shall not include
24 payment for the costs of obtaining, compiling, or
25 maintaining such information).

1 “(3) FOR INFORMATION FURNISHED TO STATE
2 AND FEDERAL AGENCIES.—A State or Federal agen-
3 cy that receives information from the Secretary pur-
4 suant to this section shall reimburse the Secretary
5 for costs incurred by the Secretary in furnishing the
6 information, at rates which the Secretary determines
7 to be reasonable (which rates shall include payment
8 for the costs of obtaining, verifying, maintaining,
9 and comparing the information).

10 “(1) RESTRICTION ON DISCLOSURE AND USE.—In-
11 formation in the Federal Parent Locator Service, and in-
12 formation resulting from comparisons using such informa-
13 tion, shall not be used or disclosed except as expressly pro-
14 vided in this section, subject to section 6103 of the Inter-
15 nal Revenue Code of 1986.

16 “(m) INFORMATION INTEGRITY AND SECURITY.—
17 The Secretary shall establish and implement safeguards
18 with respect to the entities established under this section
19 designed to—

20 “(1) ensure the accuracy and completeness of
21 information in the Federal Parent Locator Service;
22 and

23 “(2) restrict access to confidential information
24 in the Federal Parent Locator Service to authorized

1 persons, and restrict use of such information to au-
2 thorized purposes.

3 “(n) FEDERAL GOVERNMENT REPORTING.—Each
4 department, agency, and instrumentality of the United
5 States shall on a quarterly basis report to the Federal
6 Parent Locator Service the name and social security num-
7 ber of each employee and the wages paid to the employee
8 during the previous quarter, except that such a report
9 shall not be filed with respect to an employee of a depart-
10 ment, agency, or instrumentality performing intelligence
11 or counterintelligence functions, if the head of such de-
12 partment, agency, or instrumentality has determined that
13 filing such a report could endanger the safety of the em-
14 ployee or compromise an ongoing investigation or intel-
15 ligence mission.”.

16 (g) CONFORMING AMENDMENTS.—

17 (1) TO PART D OF TITLE IV OF THE SOCIAL SE-
18 CURITY ACT.—

19 (A) Section 454(8)(B) (42 U.S.C.
20 654(8)(B)) is amended to read as follows:

21 “(B) the Federal Parent Locator Service
22 established under section 453;”.

23 (B) Section 454(13) (42 U.S.C.654(13)) is
24 amended by inserting “and provide that infor-
25 mation requests by parents who are residents of

1 other States be treated with the same priority
2 as requests by parents who are residents of the
3 State submitting the plan” before the semi-
4 colon.

5 (2) TO FEDERAL UNEMPLOYMENT TAX ACT.—

6 Section 3304(a)(16) of the Internal Revenue Code of
7 1986 is amended—

8 (A) by striking “Secretary of Health, Edu-
9 cation, and Welfare” each place such term ap-
10 pears and inserting “Secretary of Health and
11 Human Services”;

12 (B) in subparagraph (B), by striking
13 “such information” and all that follows and in-
14 serting “information furnished under subpara-
15 graph (A) or (B) is used only for the purposes
16 authorized under such subparagraph;”;

17 (C) by striking “and” at the end of sub-
18 paragraph (A);

19 (D) by redesignating subparagraph (B) as
20 subparagraph (C); and

21 (E) by inserting after subparagraph (A)
22 the following new subparagraph:

23 “(B) wage and unemployment compensa-
24 tion information contained in the records of
25 such agency shall be furnished to the Secretary

1 of Health and Human Services (in accordance
2 with regulations promulgated by such Sec-
3 retary) as necessary for the purposes of the Na-
4 tional Directory of New Hires established under
5 section 453(i) of the Social Security Act, and”.

6 (3) TO STATE GRANT PROGRAM UNDER TITLE
7 III OF THE SOCIAL SECURITY ACT.—Subsection (h)
8 of section 303 (42 U.S.C. 503) is amended to read
9 as follows:

10 “(h)(1) The State agency charged with the adminis-
11 tration of the State law shall, on a reimbursable basis—

12 “(A) disclose quarterly, to the Secretary of
13 Health and Human Services, wage and claim infor-
14 mation, as required pursuant to section 453(i)(1),
15 contained in the records of such agency;

16 “(B) ensure that information provided pursuant
17 to subparagraph (A) meets such standards relating
18 to correctness and verification as the Secretary of
19 Health and Human Services, with the concurrence
20 of the Secretary of Labor, may find necessary; and

21 “(C) establish such safeguards as the Secretary
22 of Labor determines are necessary to insure that in-
23 formation disclosed under subparagraph (A) is used
24 only for purposes of section 453(i)(1) in carrying out

1 the child support enforcement program under title
2 IV.

3 “(2) Whenever the Secretary of Labor, after reason-
4 able notice and opportunity for hearing to the State agen-
5 cy charged with the administration of the State law, finds
6 that there is a failure to comply substantially with the re-
7 quirements of paragraph (1), the Secretary of Labor shall
8 notify such State agency that further payments will not
9 be made to the State until the Secretary of Labor is satis-
10 fied that there is no longer any such failure. Until the
11 Secretary of Labor is so satisfied, the Secretary shall
12 make no future certification to the Secretary of the Treas-
13 ury with respect to the State.

14 “(3) For purposes of this subsection—

15 “(A) the term ‘wage information’ means infor-
16 mation regarding wages paid to an individual, the
17 social security account number of such individual,
18 and the name, address, State, and the Federal em-
19 ployer identification number of the employer paying
20 such wages to such individual; and

21 “(B) the term ‘claim information’ means infor-
22 mation regarding whether an individual is receiving,
23 has received, or has made application for, unemploy-
24 ment compensation, the amount of any such com-
25 pensation being received (or to be received by such

1 individual), and the individual's current (or most re-
2 cent) home address.”.

3 (4) DISCLOSURE OF CERTAIN INFORMATION TO
4 AGENTS OF CHILD SUPPORT ENFORCEMENT AGEN-
5 CIES.—

6 (A) IN GENERAL.—Paragraph (6) of sec-
7 tion 6103(l) of the Internal Revenue Code of
8 1986 (relating to disclosure of return informa-
9 tion to Federal, State, and local child support
10 enforcement agencies) is amended by redesignig-
11 nating subparagraph (B) as subparagraph (C)
12 and by inserting after subparagraph (A) the fol-
13 lowing new subparagraph:

14 “(B) DISCLOSURE TO CERTAIN AGENTS.—
15 The following information disclosed to any child
16 support enforcement agency under subpara-
17 graph (A) with respect to any individual with
18 respect to whom child support obligations are
19 sought to be established or enforced may be dis-
20 closed by such agency to any agent of such
21 agency which is under contract with such agen-
22 cy to carry out the purposes described in sub-
23 paragraph (C):

1 “(i) The address and social security
2 account number (or numbers) of such indi-
3 vidual.

4 “(ii) The amount of any reduction
5 under section 6402(c) (relating to offset of
6 past-due support against overpayments) in
7 any overpayment otherwise payable to such
8 individual.”

9 (B) CONFORMING AMENDMENTS.—

10 (i) Paragraph (3) of section 6103(a)
11 of such Code is amended by striking
12 “(l)(12)” and inserting “paragraph (6) or
13 (12) of subsection (l)”.

14 (ii) Subparagraph (C) of section
15 6103(l)(6) of such Code, as redesignated
16 by subsection (a), is amended to read as
17 follows:

18 “(C) RESTRICTION ON DISCLOSURE.—In-
19 formation may be disclosed under this para-
20 graph only for purposes of, and to the extent
21 necessary in, establishing and collecting child
22 support obligations from, and locating, individ-
23 uals owing such obligations.”

24 (iii) The material following subpara-
25 graph (F) of section 6103(p)(4) of such

1 Code is amended by striking “subsection
2 (l)(12)(B)” and inserting “paragraph
3 (6)(A) or (12)(B) of subsection (l)”.

4 **SEC. 317. COLLECTION AND USE OF SOCIAL SECURITY**
5 **NUMBERS FOR USE IN CHILD SUPPORT EN-**
6 **FORCEMENT.**

7 (a) STATE LAW REQUIREMENT.—Section 466(a) (42
8 U.S.C. 666(a)), as amended by section 315 of this Act,
9 is amended by adding at the end the following new para-
10 graph:

11 “(13) RECORDING OF SOCIAL SECURITY NUM-
12 BERS IN CERTAIN FAMILY MATTERS.—Procedures
13 requiring that the social security number of—

14 “(A) any applicant for a professional li-
15 cense, commercial driver’s license, occupational
16 license, or marriage license be recorded on the
17 application;

18 “(B) any individual who is subject to a di-
19 vorce decree, support order, or paternity deter-
20 mination or acknowledgment be placed in the
21 records relating to the matter; and

22 “(C) any individual who has died be placed
23 in the records relating to the death and be re-
24 corded on the death certificate.

1 For purposes of subparagraph (A), if a State allows
2 the use of a number other than the social security
3 number, the State shall so advise any applicants.”.

4 (b) CONFORMING AMENDMENTS.—Section
5 205(c)(2)(C) (42 U.S.C. 405(c)(2)(C)), as amended by
6 section 321(a)(9) of the Social Security Independence and
7 Program Improvements Act of 1994, is amended—

8 (1) in clause (i), by striking “may require” and
9 inserting “shall require”;

10 (2) in clause (ii), by inserting after the 1st sen-
11 tence the following: “In the administration of any
12 law involving the issuance of a marriage certificate
13 or license, each State shall require each party named
14 in the certificate or license to furnish to the State
15 (or political subdivision thereof), or any State agen-
16 cy having administrative responsibility for the law
17 involved, the social security number of the party.”;

18 (3) in clause (ii), by inserting “or marriage cer-
19 tificate” after “Such numbers shall not be recorded
20 on the birth certificate”.

21 (4) in clause (vi), by striking “may” and insert-
22 ing “shall”; and

23 (5) by adding at the end the following new
24 clauses:

1 “(x) An agency of a State (or a politi-
2 cal subdivision thereof) charged with the
3 administration of any law concerning the
4 issuance or renewal of a license, certificate,
5 permit, or other authorization to engage in
6 a profession, an occupation, or a commer-
7 cial activity shall require all applicants for
8 issuance or renewal of the license, certifi-
9 cate, permit, or other authorization to pro-
10 vide the applicant’s social security number
11 to the agency for the purpose of admin-
12 istering such laws, and for the purpose of
13 responding to requests for information
14 from an agency operating pursuant to part
15 D of title IV.

16 “(xi) All divorce decrees, support or-
17 ders, and paternity determinations issued,
18 and all paternity acknowledgments made,
19 in each State shall include the social secu-
20 rity number of each party to the decree,
21 order, determination, or acknowledgment
22 in the records relating to the matter, for
23 the purpose of responding to requests for
24 information from an agency operating pur-
25 suant to part D of title IV.”.

1 **Subtitle C—Streamlining and**
2 **Uniformity of Procedures**

3 **SEC. 321. ADOPTION OF UNIFORM STATE LAWS.**

4 Section 466 (42 U.S.C. 666) is amended by adding
5 at the end the following new subsection:

6 “(f) UNIFORM INTERSTATE FAMILY SUPPORT
7 ACT.—

8 “(1) ENACTMENT AND USE.—In order to sat-
9 isfy section 454(20)(A), on and after January 1,
10 1998, each State must have in effect the Uniform
11 Interstate Family Support Act, as approved by the
12 American Bar Association on February 9, 1993, to-
13 gether with any amendments officially adopted be-
14 fore January 1, 1998, by the National Conference of
15 Commissioners on Uniform State Laws.

16 “(2) EMPLOYERS TO FOLLOW PROCEDURAL
17 RULES OF STATE WHERE EMPLOYEE WORKS.—The
18 State law enacted pursuant to paragraph (1) shall
19 provide that an employer that receives an income
20 withholding order or notice pursuant to section 501
21 of the Uniform Interstate Family Support Act follow
22 the procedural rules that apply with respect to such
23 order or notice under the laws of the State in which
24 the obligor works.”.

1 **SEC. 322. IMPROVEMENTS TO FULL FAITH AND CREDIT**
2 **FOR CHILD SUPPORT ORDERS.**

3 Section 1738B of title 28, United States Code, is
4 amended—

5 (1) in subsection (a)(2), by striking “subsection
6 (e)” and inserting “subsections (e), (f), and (i)”;

7 (2) in subsection (b), by inserting after the 2d
8 undesignated paragraph the following:

9 “‘child’s home State’ means the State in which
10 a child lived with a parent or a person acting as par-
11 ent for at least 6 consecutive months immediately
12 preceding the time of filing of a petition or com-
13 parable pleading for support and, if a child is less
14 than 6 months old, the State in which the child lived
15 from birth with any of them. A period of temporary
16 absence of any of them is counted as part of the 6-
17 month period.”;

18 (3) in subsection (c), by inserting “by a court
19 of a State” before “is made”;

20 (4) in subsection (c)(1), by inserting “and sub-
21 sections (e), (f), and (g)” after “located”;

22 (5) in subsection (d)—

23 (A) by inserting “individual” before “con-
24 testant”; and

25 (B) by striking “subsection (e)” and in-
26 serting “subsections (e) and (f)”;

1 (6) in subsection (e), by striking “make a modi-
2 fication of a child support order with respect to a
3 child that is made” and inserting “modify a child
4 support order issued”;

5 (7) in subsection (e)(1), by inserting “pursuant
6 to subsection (i)” before the semicolon;

7 (8) in subsection (e)(2)—

8 (A) by inserting “individual” before “con-
9 testant” each place such term appears; and

10 (B) by striking “to that court’s making the
11 modification and assuming” and inserting “with
12 the State of continuing, exclusive jurisdiction
13 for a court of another State to modify the order
14 and assume”;

15 (9) by redesignating subsections (f) and (g) as
16 subsections (g) and (h), respectively;

17 (10) by inserting after subsection (e) the follow-
18 ing new subsection:

19 “(f) RECOGNITION OF CHILD SUPPORT ORDERS.—
20 If 1 or more child support orders have been issued in this
21 or another State with regard to an obligor and a child,
22 a court shall apply the following rules in determining
23 which order to recognize for purposes of continuing, exclu-
24 sive jurisdiction and enforcement:

1 “(1) If only 1 court has issued a child support
2 order, the order of that court must be recognized.

3 “(2) If 2 or more courts have issued child sup-
4 port orders for the same obligor and child, and only
5 1 of the courts would have continuing, exclusive ju-
6 risdiction under this section, the order of that court
7 must be recognized.

8 “(3) If 2 or more courts have issued child sup-
9 port orders for the same obligor and child, and more
10 than 1 of the courts would have continuing, exclusive
11 jurisdiction under this section, an order issued by a
12 court in the current home State of the child must
13 be recognized, but if an order has not been issued
14 in the current home State of the child, the order
15 most recently issued must be recognized.

16 “(4) If 2 or more courts have issued child sup-
17 port orders for the same obligor and child, and none
18 of the courts would have continuing, exclusive juris-
19 diction under this section, a court may issue a child
20 support order, which must be recognized.

21 “(5) The court that has issued an order recog-
22 nized under this subsection is the court having con-
23 tinuing, exclusive jurisdiction.”;

24 (11) in subsection (g) (as so redesignated)—

1 (A) by striking “PRIOR” and inserting
2 “MODIFIED”; and

3 (B) by striking “subsection (e)” and in-
4 serting “subsections (e) and (f)”;
5 (12) in subsection (h) (as so redesignated)—

6 (A) in paragraph (2), by inserting “includ-
7 ing the duration of current payments and other
8 obligations of support” before the comma; and

9 (B) in paragraph (3), by inserting “arrears
10 under” after “enforce”; and

11 (13) by adding at the end the following new
12 subsection:

13 “(i) REGISTRATION FOR MODIFICATION.—If there is
14 no individual contestant or child residing in the issuing
15 State, the party or support enforcement agency seeking
16 to modify, or to modify and enforce, a child support order
17 issued in another State shall register that order in a State
18 with jurisdiction over the nonmovant for the purpose of
19 modification.”.

20 **SEC. 323. ADMINISTRATIVE ENFORCEMENT IN INTERSTATE**
21 **CASES.**

22 Section 466(a) (42 U.S.C. 666(a)), as amended by
23 sections 315 and 317(a) of this Act, is amended by adding
24 at the end the following new paragraph:

1 “(14) ADMINISTRATIVE ENFORCEMENT IN
2 INTERSTATE CASES.—Procedures under which—

3 “(A)(i) the State shall respond within 5
4 business days to a request made by another
5 State to enforce a support order; and

6 “(ii) the term ‘business day’ means a day
7 on which State offices are open for regular
8 business;

9 “(B) the State may, by electronic or other
10 means, transmit to another State a request for
11 assistance in a case involving the enforcement
12 of a support order, which request—

13 “(i) shall include such information as
14 will enable the State to which the request
15 is transmitted to compare the information
16 about the case to the information in the
17 data bases of the State; and

18 “(ii) shall constitute a certification by
19 the requesting State—

20 “(I) of the amount of support
21 under the order the payment of which
22 is in arrears; and

23 “(II) that the requesting State
24 has complied with all procedural due

1 process requirements applicable to the
2 case;

3 “(C) if the State provides assistance to an-
4 other State pursuant to this paragraph with re-
5 spect to a case, neither State shall consider the
6 case to be transferred to the caseload of such
7 other State; and

8 “(D) the State shall maintain records of—

9 “(i) the number of such requests for
10 assistance received by the State;

11 “(ii) the number of cases for which
12 the State collected support in response to
13 such a request; and

14 “(iii) the amount of such collected
15 support.”.

16 **SEC. 324. USE OF FORMS IN INTERSTATE ENFORCEMENT.**

17 (a) PROMULGATION.—Section 452(a) (42 U.S.C.
18 652(a)) is amended—

19 (1) by striking “and” at the end of paragraph
20 (9);

21 (2) by striking the period at the end of para-
22 graph (10) and inserting “; and”; and

23 (3) by adding at the end the following new
24 paragraph:

1 “(11) not later than June 30, 1996, after con-
2 sulting with the State directors of programs under
3 this part, promulgate forms to be used by States in
4 interstate cases for—

5 “(A) collection of child support through in-
6 come withholding;

7 “(B) imposition of liens; and

8 “(C) administrative subpoenas.”.

9 (b) USE BY STATES.—Section 454(9) (42 U.S.C.
10 654(9)) is amended—

11 (1) by striking “and” at the end of subpara-
12 graph (C);

13 (2) by inserting “and” at the end of subpara-
14 graph (D); and

15 (3) by adding at the end the following new sub-
16 paragraph:

17 “(E) no later than October 1, 1996, in
18 using the forms promulgated pursuant to sec-
19 tion 452(a)(11) for income withholding, imposi-
20 tion of liens, and issuance of administrative
21 subpoenas in interstate child support cases;”.

1 **SEC. 325. STATE LAWS PROVIDING EXPEDITED PROCE-**
2 **DURES.**

3 (a) STATE LAW REQUIREMENTS.—Section 466 (42
4 U.S.C. 666), as amended by section 314 of this Act, is
5 amended—

6 (1) in subsection (a)(2), by striking the first
7 sentence and inserting the following: “Expedited ad-
8 ministrative and judicial procedures (including the
9 procedures specified in subsection (c)) for establish-
10 ing paternity and for establishing, modifying, and
11 enforcing support obligations.”; and

12 (2) by inserting after subsection (b) the follow-
13 ing new subsection:

14 “(c) EXPEDITED PROCEDURES.—The procedures
15 specified in this subsection are the following:

16 “(1) ADMINISTRATIVE ACTION BY STATE AGEN-
17 CY.—Procedures which give the State agency the au-
18 thority to take the following actions relating to es-
19 tablishment or enforcement of support orders, with-
20 out the necessity of obtaining an order from any
21 other judicial or administrative tribunal, and to rec-
22 ognize and enforce the authority of State agencies of
23 other States) to take the following actions:

24 “(A) GENETIC TESTING.—To order genetic
25 testing for the purpose of paternity establish-
26 ment as provided in section 466(a)(5).

1 “(B) FINANCIAL OR OTHER INFORMA-
2 TION.—To subpoena any financial or other in-
3 formation needed to establish, modify, or en-
4 force a support order, and to impose penalties
5 for failure to respond to such a subpoena.

6 “(C) RESPONSE TO STATE AGENCY RE-
7 QUEST.—To require all entities in the State (in-
8 cluding for-profit, nonprofit, and governmental
9 employers) to provide promptly, in response to
10 a request by the State agency of that or any
11 other State administering a program under this
12 part, information on the employment, com-
13 pensation, and benefits of any individual em-
14 ployed by such entity as an employee or con-
15 tractor, and to sanction failure to respond to
16 any such request.

17 “(D) ACCESS TO CERTAIN RECORDS.—To
18 obtain access, subject to safeguards on privacy
19 and information security, to the following
20 records (including automated access, in the case
21 of records maintained in automated data
22 bases):

23 “(i) Records of other State and local
24 government agencies, including—

1 “(I) vital statistics (including
2 records of marriage, birth, and di-
3 vorce);

4 “(II) State and local tax and rev-
5 enue records (including information
6 on residence address, employer, in-
7 come and assets);

8 “(III) records concerning real
9 and titled personal property;

10 “(IV) records of occupational and
11 professional licenses, and records con-
12 cerning the ownership and control of
13 corporations, partnerships, and other
14 business entities;

15 “(V) employment security
16 records;

17 “(VI) records of agencies admin-
18 istering public assistance programs;

19 “(VII) records of the motor vehi-
20 cle department; and

21 “(VIII) corrections records.

22 “(ii) Certain records held by private
23 entities, including—

1 “(I) customer records of public
2 utilities and cable television compa-
3 nies; and

4 “(II) information (including in-
5 formation on assets and liabilities) on
6 individuals who owe or are owed sup-
7 port (or against or with respect to
8 whom a support obligation is sought)
9 held by financial institutions (subject
10 to limitations on liability of such enti-
11 ties arising from affording such ac-
12 cess), as provided pursuant to agree-
13 ments described in subsection (a)(18).

14 “(E) CHANGE IN PAYEE.—In cases in
15 which support is subject to an assignment in
16 order to comply with a requirement imposed
17 pursuant to part A or section 1912, or to a re-
18 quirement to pay through the State disburse-
19 ment unit established pursuant to section
20 454B, upon providing notice to obligor and obli-
21 gee, to direct the obligor or other payor to
22 change the payee to the appropriate government
23 entity.

1 “(F) INCOME WITHHOLDING.—To order
2 income withholding in accordance with sub-
3 sections (a)(1) and (b) of section 466.

4 “(G) SECURING ASSETS.—In cases in
5 which there is a support arrearage, to secure
6 assets to satisfy the arrearage by—

7 “(i) intercepting or seizing periodic or
8 lump-sum payments from—

9 “(I) a State or local agency, in-
10 cluding unemployment compensation,
11 workers’ compensation, and other ben-
12 efits; and

13 “(II) judgments, settlements, and
14 lotteries;

15 “(ii) attaching and seizing assets of
16 the obligor held in financial institutions;

17 “(iii) attaching public and private re-
18 tirement funds; and

19 “(iv) imposing liens in accordance
20 with subsection (a)(4) and, in appropriate
21 cases, to force sale of property and dis-
22 tribution of proceeds.

23 “(H) INCREASE MONTHLY PAYMENTS.—
24 For the purpose of securing overdue support, to
25 increase the amount of monthly support pay-

1 ments to include amounts for arrearages, sub-
2 ject to such conditions or limitations as the
3 State may provide.

4 Such procedures shall be subject to due process safe-
5 guards, including (as appropriate) requirements for
6 notice, opportunity to contest the action, and oppor-
7 tunity for an appeal on the record to an independent
8 administrative or judicial tribunal.

9 “(2) SUBSTANTIVE AND PROCEDURAL RULES.—

10 The expedited procedures required under subsection
11 (a)(2) shall include the following rules and author-
12 ity, applicable with respect to all proceedings to es-
13 tablish paternity or to establish, modify, or enforce
14 support orders:

15 “(A) LOCATOR INFORMATION; PRESUMP-
16 TIONS CONCERNING NOTICE.—Procedures
17 under which—

18 “(i) each party to any paternity or
19 child support proceeding is required (sub-
20 ject to privacy safeguards) to file with the
21 tribunal and the State case registry upon
22 entry of an order, and to update as appro-
23 priate, information on location and identity
24 of the party, including social security num-
25 ber, residential and mailing addresses, tele-

1 phone number, driver's license number,
2 and name, address, and name and tele-
3 phone number of employer; and

4 “(ii) in any subsequent child support
5 enforcement action between the parties,
6 upon sufficient showing that diligent effort
7 has been made to ascertain the location of
8 such a party, the tribunal may deem State
9 due process requirements for notice and
10 service of process to be met with respect to
11 the party, upon delivery of written notice
12 to the most recent residential or employer
13 address filed with the tribunal pursuant to
14 clause (i).

15 “(B) STATEWIDE JURISDICTION.—Proce-
16 dures under which—

17 “(i) the State agency and any admin-
18 istrative or judicial tribunal with authority
19 to hear child support and paternity cases
20 exerts statewide jurisdiction over the par-
21 ties; and

22 “(ii) in a State in which orders are is-
23 sued by courts or administrative tribunals,
24 a case may be transferred between local ju-
25 risdictions in the State without need for

1 for any additional filing by the petitioner,
2 or service of process upon the respondent,
3 to retain jurisdiction over the parties.

4 “(3) COORDINATION WITH ERISA.—Notwith-
5 standing subsection (d) of section 514 of the Em-
6 ployee Retirement Income Security Act of 1974 (re-
7 lating to effect on other laws), nothing in this sub-
8 section shall be construed to alter, amend, modify,
9 invalidate, impair, or supersede subsections (a), (b),
10 and (c) of such section 514 as it applies with respect
11 to any procedure referred to in paragraph (1) and
12 any expedited procedure referred to in paragraph
13 (2), except to the extent that such procedure would
14 be consistent with the requirements of section
15 206(d)(3) of such Act (relating to qualified domestic
16 relations orders) or the requirements of section
17 609(a) of such Act (relating to qualified medical
18 child support orders) if the reference in such section
19 206(d)(3) to a domestic relations order and the ref-
20 erence in such section 609(a) to a medical child sup-
21 port order were a reference to a support order re-
22 ferred to in paragraphs (1) and (2) relating to the
23 same matters, respectively.”.

24 (b) AUTOMATION OF STATE AGENCY FUNCTIONS.—
25 Section 454A, as added by section 344(a)(2) and as

1 amended by sections 311 and 312(c) of this Act, is amend-
2 ed by adding at the end the following new subsection:

3 “(h) EXPEDITED ADMINISTRATIVE PROCEDURES.—
4 The automated system required by this section shall be
5 used, to the maximum extent feasible, to implement the
6 expedited administrative procedures required by section
7 466(c).”.

8 **Subtitle D—Paternity**

9 **Establishment**

10 **SEC. 331. STATE LAWS CONCERNING PATERNITY ESTAB-**

11 **LISHMENT.**

12 (a) STATE LAWS REQUIRED.—Section 466(a)(5) (42
13 U.S.C. 666(a)(5)) is amended to read as follows:

14 “(5) PROCEDURES CONCERNING PATERNITY ES-
15 TABLISHMENT.—

16 “(A) ESTABLISHMENT PROCESS AVAIL-
17 ABLE FROM BIRTH UNTIL AGE 18.—

18 “(i) Procedures which permit the es-
19 tablishment of the paternity of a child at
20 any time before the child attains 18 years
21 of age.

22 “(ii) As of August 16, 1984, clause (i)
23 shall also apply to a child for whom pater-
24 nity has not been established or for whom
25 a paternity action was brought but dis-

missed because a statute of limitations of less than 18 years was then in effect in the State.

“(B) PROCEDURES CONCERNING GENETIC TESTING.—

“(i) GENETIC TESTING REQUIRED IN CERTAIN CONTESTED CASES.—Procedures under which the State is required, in a contested paternity case (unless otherwise barred by State law) to require the child and all other parties (other than individuals found under section 454(29) to have good cause for refusing to cooperate) to submit to genetic tests upon the request of any such party, if the request is supported by a sworn statement by the party—

“(I) alleging paternity, and setting forth facts establishing a reasonable possibility of the requisite sexual contact between the parties; or

“(II) denying paternity, and setting forth facts establishing a reasonable possibility of the nonexistence of sexual contact between the parties.

1 “(ii) OTHER REQUIREMENTS.—Proce-
2 dures which require the State agency, in
3 any case in which the agency orders ge-
4 netic testing—

5 “(I) to pay costs of such tests,
6 subject to recoupment (if the State so
7 elects) from the alleged father if pa-
8 ternity is established; and

9 “(II) to obtain additional testing
10 in any case if an original test result is
11 contested, upon request and advance
12 payment by the contestant.

13 “(C) VOLUNTARY PATERNITY ACKNOWL-
14 EDGMENT.—

15 “(i) SIMPLE CIVIL PROCESS.—Proce-
16 dures for a simple civil process for volun-
17 tarily acknowledging paternity under which
18 the State must provide that, before a
19 mother and a putative father can sign an
20 acknowledgment of paternity, the mother
21 and the putative father must be given no-
22 tice, orally and in writing, of the alter-
23 natives to, the legal consequences of, and
24 the rights (including, if 1 parent is a
25 minor, any rights afforded due to minority

1 status) and responsibilities that arise from,
2 signing the acknowledgment.

3 “(ii) HOSPITAL-BASED PROGRAM.—
4 Such procedures must include a hospital-
5 based program for the voluntary acknowl-
6 edgment of paternity focusing on the pe-
7 riod immediately before or after the birth
8 of a child, subject to such good cause ex-
9 ceptions, taking into account the best in-
10 terests of the child, as the State may es-
11 tablish.

12 “(iii) PATERNITY ESTABLISHMENT
13 SERVICES.—

14 “(I) STATE-OFFERED SERV-
15 ICES.—Such procedures must require
16 the State agency responsible for main-
17 taining birth records to offer vol-
18 untary paternity establishment serv-
19 ices.

20 “(II) REGULATIONS.—

21 “(aa) SERVICES OFFERED
22 BY HOSPITALS AND BIRTH
23 RECORD AGENCIES.—The Sec-
24 retary shall prescribe regulations
25 governing voluntary paternity es-

1 tablishment services offered by
2 hospitals and birth record agen-
3 cies.

4 “(bb) SERVICES OFFERED
5 BY OTHER ENTITIES.—The Sec-
6 retary shall prescribe regulations
7 specifying the types of other enti-
8 ties that may offer voluntary pa-
9 ternity establishment services,
10 and governing the provision of
11 such services, which shall include
12 a requirement that such an entity
13 must use the same notice provi-
14 sions used by, use the same ma-
15 terials used by, provide the per-
16 sonnel providing such services
17 with the same training provided
18 by, and evaluate the provision of
19 such services in the same manner
20 as the provision of such services
21 is evaluated by, voluntary pater-
22 nity establishment programs of
23 hospitals and birth record agen-
24 cies.

1 “(iv) USE OF PATERNITY ACKNOWLEDGMENT AFFIDAVIT.—Such procedures
2 must require the State to develop and use
3 an affidavit for the voluntary acknowledgment of paternity which includes the minimum requirements of the affidavit developed by the Secretary under section
4 452(a)(7) for the voluntary acknowledgment of paternity, and to give full faith
5 and credit to such an affidavit signed in
6 any other State according to its procedures.
7 dures.

8 “(D) STATUS OF SIGNED PATERNITY ACKNOWLEDGMENT.—

9 “(i) INCLUSION IN BIRTH RECORDS.—
10 Procedures under which the name of the
11 father shall be included on the record of
12 birth of the child of unmarried parents
13 only if—

14 “(I) the father and mother have
15 signed a voluntary acknowledgment of
16 paternity; or

17 “(II) a court or an administrative
18 agency of competent jurisdiction has
19 issued an adjudication of paternity.

1 Nothing in this clause shall preclude a
2 State agency from obtaining an admission
3 of paternity from the father for submission
4 in a judicial or administrative proceeding,
5 or prohibit the issuance of an order in a
6 judicial or administrative proceeding which
7 bases a legal finding of paternity on an ad-
8 mission of paternity by the father and any
9 other additional showing required by State
10 law.

11 “(ii) LEGAL FINDING OF PATER-
12 NITY.—Procedures under which a signed
13 voluntary acknowledgment of paternity is
14 considered a legal finding of paternity,
15 subject to the right of any signatory to re-
16 scind the acknowledgment within the ear-
17 lier of—

18 “(I) 60 days; or

19 “(II) the date of an administra-
20 tive or judicial proceeding relating to
21 the child (including a proceeding to
22 establish a support order) in which
23 the signatory is a party.

24 “(iii) CONTEST.—Procedures under
25 which, after the 60-day period referred to

1 in clause (ii), a signed voluntary acknowl-
2 edgment of paternity may be challenged in
3 court only on the basis of fraud, duress, or
4 material mistake of fact, with the burden
5 of proof upon the challenger, and under
6 which the legal responsibilities (including
7 child support obligations) of any signatory
8 arising from the acknowledgment may not
9 be suspended during the challenge, except
10 for good cause shown.

11 “(E) BAR ON ACKNOWLEDGMENT RATIFI-
12 CATION PROCEEDINGS.—Procedures under
13 which judicial or administrative proceedings are
14 not required or permitted to ratify an unchal-
15 lenged acknowledgment of paternity.

16 “(F) ADMISSIBILITY OF GENETIC TESTING
17 RESULTS.—Procedures—

18 “(i) requiring the admission into evi-
19 dence, for purposes of establishing pater-
20 nity, of the results of any genetic test that
21 is—

22 “(I) of a type generally acknowl-
23 edged as reliable by accreditation bod-
24 ies designated by the Secretary; and

1 “(II) performed by a laboratory
2 approved by such an accreditation
3 body;

4 “(ii) requiring an objection to genetic
5 testing results to be made in writing not
6 later than a specified number of days be-
7 fore any hearing at which the results may
8 be introduced into evidence (or, at State
9 option, not later than a specified number
10 of days after receipt of the results); and

11 “(iii) making the test results admissi-
12 ble as evidence of paternity without the
13 need for foundation testimony or other
14 proof of authenticity or accuracy, unless
15 objection is made.

16 “(G) PRESUMPTION OF PATERNITY IN
17 CERTAIN CASES.—Procedures which create a re-
18 buttable or, at the option of the State, conclu-
19 sive presumption of paternity upon genetic test-
20 ing results indicating a threshold probability
21 that the alleged father is the father of the child.

22 “(H) DEFAULT ORDERS.—Procedures re-
23 quiring a default order to be entered in a pater-
24 nity case upon a showing of service of process

1 on the defendant and any additional showing
2 required by State law.

3 “(I) NO RIGHT TO JURY TRIAL.—Proce-
4 dures providing that the parties to an action to
5 establish paternity are not entitled to a trial by
6 jury.

7 “(J) TEMPORARY SUPPORT ORDER BASED
8 ON PROBABLE PATERNITY IN CONTESTED
9 CASES.—Procedures which require that a tem-
10 porary order be issued, upon motion by a party,
11 requiring the provision of child support pending
12 an administrative or judicial determination of
13 parentage, if there is clear and convincing evi-
14 dence of paternity (on the basis of genetic tests
15 or other evidence).

16 “(K) PROOF OF CERTAIN SUPPORT AND
17 PATERNITY ESTABLISHMENT COSTS.—Proce-
18 dures under which bills for pregnancy, child-
19 birth, and genetic testing are admissible as evi-
20 dence without requiring third-party foundation
21 testimony, and shall constitute prima facie evi-
22 dence of amounts incurred for such services or
23 for testing on behalf of the child.

24 “(L) STANDING OF PUTATIVE FATHERS.—
25 Procedures ensuring that the putative father

1 has a reasonable opportunity to initiate a pater-
 2 nity action.

3 “(M) FILING OF ACKNOWLEDGMENTS AND
 4 ADJUDICATIONS IN STATE REGISTRY OF BIRTH
 5 RECORDS.—Procedures under which voluntary
 6 acknowledgments and adjudications of paternity
 7 by judicial or administrative processes are filed
 8 with the State registry of birth records for com-
 9 parison with information in the State case reg-
 10 istry.”.

11 (b) NATIONAL PATERNITY ACKNOWLEDGMENT AFFI-
 12 DAVIT.—Section 452(a)(7) (42 U.S.C. 652(a)(7)) is
 13 amended by inserting “, and develop an affidavit to be
 14 used for the voluntary acknowledgment of paternity which
 15 shall include the social security number of each parent
 16 and, after consultation with the States, other common ele-
 17 ments as determined by such designee” before the semi-
 18 colon.

19 (c) CONFORMING AMENDMENT.—Section 468 (42
 20 U.S.C. 668) is amended by striking “a simple civil process
 21 for voluntarily acknowledging paternity and”.

22 **SEC. 332. OUTREACH FOR VOLUNTARY PATERNITY ESTAB-**
 23 **LISHMENT.**

24 Section 454(23) (42 U.S.C. 654(23)) is amended by
 25 inserting “and will publicize the availability and encourage

1 the use of procedures for voluntary establishment of pater-
2 nity and child support by means the State deems appro-
3 priate” before the semicolon.

4 **SEC. 333. COOPERATION BY APPLICANTS FOR AND RECIPI-**
5 **ENTS OF TEMPORARY FAMILY ASSISTANCE.**

6 Section 454 (42 U.S.C. 654), as amended by sections
7 301(b), 303(a), 312(a), and 313(a) of this Act, is amend-
8 ed—

9 (1) by striking “and” at the end of paragraph
10 (27);

11 (2) by striking the period at the end of para-
12 graph (28) and inserting “; and”; and

13 (3) by inserting after paragraph (28) the fol-
14 lowing new paragraph:

15 “(29) provide that the State agency responsible
16 for administering the State plan—

17 “(A) shall make the determination (and re-
18 determination at appropriate intervals) as to
19 whether an individual who has applied for or is
20 receiving assistance under the State program
21 funded under part A or the State program
22 under title XIX is cooperating in good faith
23 with the State in establishing the paternity of,
24 or in establishing, modifying, or enforcing a
25 support order for, any child of the individual

1 by providing the State agency with the name
2 of, and such other information as the State
3 agency may require with respect to, the non-
4 custodial parent of the child, subject to such
5 good cause exceptions, taking into account the
6 best interests of the child, as the State may es-
7 tablish through the State agency, or at the op-
8 tion of the State, through the State agencies
9 administering the State programs funded under
10 part A and title XIX;

11 “(B) shall require the individual to supply
12 additional necessary information and appear at
13 interviews, hearings, and legal proceedings;

14 “(C) shall require the individual and the
15 child to submit to genetic tests pursuant to ju-
16 dicial or administrative order;

17 “(D) may request that the individual sign
18 a voluntary acknowledgment of paternity, after
19 notice of the rights and consequences of such
20 an acknowledgment, but may not require the in-
21 dividual to sign an acknowledgment or other-
22 wise relinquish the right to genetic tests as a
23 condition of cooperation and eligibility for as-
24 sistance under the State program funded under

1 part A or the State program under title XIX;
2 and

3 “(E) shall promptly notify the individual
4 and the State agency administering the State
5 program funded under part A and the State
6 agency administering the State program under
7 title XIX of each such determination, and if
8 noncooperation is determined, the basis there-
9 fore.”.

10 **Subtitle E—Program**
11 **Administration and Funding**

12 **SEC. 341. PERFORMANCE-BASED INCENTIVES AND PEN-**
13 **ALTIES.**

14 (a) DEVELOPMENT OF NEW SYSTEM.—The Sec-
15 retary of Health and Human Services, in consultation with
16 State directors of programs under part D of title IV of
17 the Social Security Act, shall develop a new incentive sys-
18 tem to replace, in a revenue neutral manner, the system
19 under section 458 of such Act. The new system shall pro-
20 vide additional payments to any State based on such
21 State’s performance under such a program. Not later than
22 June 1, 1996, the Secretary shall report on the new sys-
23 tem to the Committee on Ways and Means of the House
24 of Representatives and the Committee on Finance of the
25 Senate.

1 (b) CONFORMING AMENDMENTS TO PRESENT SYS-
2 TEM.—Section 458 (42 U.S.C. 658) is amended—

3 (1) in subsection (a), by striking “aid to fami-
4 lies with dependent children under a State plan ap-
5 proved under part A of this title” and inserting “as-
6 sistance under a program funded under part A”;

7 (2) in subsection (b)(1)(A), by striking “section
8 402(a)(26)” and inserting “section 408(a)(4)”;

9 (3) in subsections (b) and (c)—

10 (A) by striking “AFDC collections” each
11 place it appears and inserting “title IV–A col-
12 lections”, and

13 (B) by striking “non-AFDC collections”
14 each place it appears and inserting “non-title
15 IV–A collections”; and

16 (4) in subsection (c), by striking “combined
17 AFDC/non-AFDC administrative costs” both places
18 it appears and inserting “combined title IV–A/non-
19 title IV–A administrative costs”.

20 (c) CALCULATION OF IV–D PATERNITY ESTABLISH-
21 MENT PERCENTAGE.—

22 (1) Section 452(g)(1)(A) (42 U.S.C.
23 652(g)(1)(A)) is amended by striking “75” and in-
24 serting “90”.

1 (2) Section 452(g)(1) (42 U.S.C. 652(g)(1)) is
2 amended by redesignating subparagraphs (B)
3 through (E) as subparagraphs (C) through (F), re-
4 spectively, and by inserting after subparagraph (A)
5 the following new subparagraph:

6 “(B) for a State with a paternity establish-
7 ment percentage of not less than 75 percent but
8 less than 90 percent for such fiscal year, the
9 paternity establishment percentage of the State
10 for the immediately preceding fiscal year plus 2
11 percentage points;”.

12 (3) Section 452(g)(2)(A) (42 U.S.C.
13 652(g)(2)(A)) is amended in the matter preceding
14 clause (i)—

15 (A) by striking “paternity establishment
16 percentage” and inserting “IV–D paternity es-
17 tablishment percentage”; and

18 (B) by striking “(or all States, as the case
19 may be)”.

20 (4) Section 452(g)(2) (42 U.S.C. 652(g)(2)) is
21 amended by adding at the end the following new
22 sentence: “In meeting the 90 percent paternity es-
23 tablishment requirement, a State may calculate ei-
24 ther the paternity establishment rate of cases in the
25 program funded under this part or the paternity es-

1 tablishment rate of all out-of-wedlock births in the
2 State.”.

3 (5) Section 452(g)(3) (42 U.S.C. 652(g)(3)) is
4 amended—

5 (A) by striking subparagraph (A) and re-
6 designating subparagraphs (B) and (C) as sub-
7 paragraphs (A) and (B), respectively;

8 (B) in subparagraph (A) (as so redesign-
9 nated), by striking “the percentage of children
10 born out-of-wedlock in a State” and inserting
11 “the percentage of children in a State who are
12 born out of wedlock or for whom support has
13 not been established”; and

14 (C) in subparagraph (B) (as so redesign-
15 nated) by inserting “and securing support” be-
16 fore the period.

17 (d) EFFECTIVE DATES.—

18 (1) INCENTIVE ADJUSTMENTS.—

19 (A) IN GENERAL.—The system developed
20 under subsection (a) and the amendments made
21 by subsection (b) shall become effective on Oc-
22 tober 1, 1997, except to the extent provided in
23 subparagraph (B).

24 (B) APPLICATION OF SECTION 458.—Sec-
25 tion 458 of the Social Security Act, as in effect

1 on the day before the date of the enactment of
2 this section, shall be effective for purposes of
3 incentive payments to States for fiscal years be-
4 fore fiscal year 1999.

5 (2) PENALTY REDUCTIONS.—The amendments
6 made by subsection (c) shall become effective with
7 respect to calendar quarters beginning on or after
8 the date of the enactment of this Act.

9 **SEC. 342. FEDERAL AND STATE REVIEWS AND AUDITS.**

10 (a) STATE AGENCY ACTIVITIES.—Section 454 (42
11 U.S.C. 654) is amended—

12 (1) in paragraph (14), by striking “(14)” and
13 inserting “(14)(A)”;

14 (2) by redesignating paragraph (15) as sub-
15 paragraph (B) of paragraph (14); and

16 (3) by inserting after paragraph (14) the fol-
17 lowing new paragraph:

18 “(15) provide for—

19 “(A) a process for annual reviews of and
20 reports to the Secretary on the State program
21 operated under the State plan approved under
22 this part, including such information as may be
23 necessary to measure State compliance with
24 Federal requirements for expedited procedures,
25 using such standards and procedures as are re-

1 quired by the Secretary, under which the State
2 agency will determine the extent to which the
3 program is operated in compliance with this
4 part; and

5 “(B) a process of extracting from the auto-
6 mated data processing system required by para-
7 graph (16) and transmitting to the Secretary
8 data and calculations concerning the levels of
9 accomplishment (and rates of improvement)
10 with respect to applicable performance indica-
11 tors (including IV–D paternity establishment
12 percentages to the extent necessary for pur-
13 poses of sections 452(g) and 458.”.

14 (b) FEDERAL ACTIVITIES.—Section 452(a)(4) (42
15 U.S.C. 652(a)(4)) is amended to read as follows:

16 “(4)(A) review data and calculations transmit-
17 ted by State agencies pursuant to section
18 454(15)(B) on State program accomplishments with
19 respect to performance indicators for purposes of
20 subsection (g) of this section and section 458;

21 “(B) review annual reports submitted pursuant
22 to section 454(15)(A) and, as appropriate, provide
23 to the State comments, recommendations for addi-
24 tional or alternative corrective actions, and technical
25 assistance; and

1 “(C) conduct audits, in accordance with the
2 Government auditing standards of the Comptroller
3 General of the United States—

4 “(i) at least once every 3 years (or more
5 frequently, in the case of a State which fails to
6 meet the requirements of this part concerning
7 performance standards and reliability of pro-
8 gram data) to assess the completeness, reliabil-
9 ity, and security of the data, and the accuracy
10 of the reporting systems, used in calculating
11 performance indicators under subsection (g) of
12 this section and section 458;

13 “(ii) of the adequacy of financial manage-
14 ment of the State program operated under the
15 State plan approved under this part, including
16 assessments of—

17 “(I) whether Federal and other funds
18 made available to carry out the State pro-
19 gram are being appropriately expended,
20 and are properly and fully accounted for;
21 and

22 “(II) whether collections and disburse-
23 ments of support payments are carried out
24 correctly and are fully accounted for; and

1 “(iii) for such other purposes as the Sec-
2 retary may find necessary;”.

3 (c) EFFECTIVE DATE.—The amendments made by
4 this section shall be effective with respect to calendar
5 quarters beginning 12 months or more after the date of
6 the enactment of this Act.

7 **SEC. 343. REQUIRED REPORTING PROCEDURES.**

8 (a) ESTABLISHMENT.—Section 452(a)(5) (42 U.S.C.
9 652(a)(5)) is amended by inserting “, and establish proce-
10 dures to be followed by States for collecting and reporting
11 information required to be provided under this part, and
12 establish uniform definitions (including those necessary to
13 enable the measurement of State compliance with the re-
14 quirements of this part relating to expedited processes) to
15 be applied in following such procedures” before the semi-
16 colon.

17 (b) STATE PLAN REQUIREMENT.—Section 454 (42
18 U.S.C. 654), as amended by sections 301(b), 303(a),
19 312(a), 313(a), and 333 of this Act, is amended—

20 (1) by striking “and” at the end of paragraph
21 (28);

22 (2) by striking the period at the end of para-
23 graph (29) and inserting “; and”; and

24 (3) by adding after paragraph (29) the follow-
25 ing new paragraph:

1 “(30) provide that the State shall use the defi-
2 nitions established under section 452(a)(5) in col-
3 lecting and reporting information as required under
4 this part.”.

5 **SEC. 344. AUTOMATED DATA PROCESSING REQUIREMENTS.**

6 (a) REVISED REQUIREMENTS.—

7 (1) IN GENERAL.—Section 454(16) (42 U.S.C.
8 654(16)) is amended—

9 (A) by striking “, at the option of the
10 State,”;

11 (B) by inserting “and operation by the
12 State agency” after “for the establishment”;

13 (C) by inserting “meeting the requirements
14 of section 454A” after “information retrieval
15 system”;

16 (D) by striking “in the State and localities
17 thereof, so as (A)” and inserting “so as”;

18 (E) by striking “(i)”; and

19 (F) by striking “(including” and all that
20 follows and inserting a semicolon.

21 (2) AUTOMATED DATA PROCESSING.—Part D of
22 title IV (42 U.S.C. 651–669) is amended by insert-
23 ing after section 454 the following new section:

1 **“SEC. 454A. AUTOMATED DATA PROCESSING.**

2 “(a) IN GENERAL.—In order for a State to meet the
3 requirements of this section, the State agency administer-
4 ing the State program under this part shall have in oper-
5 ation a single statewide automated data processing and
6 information retrieval system which has the capability to
7 perform the tasks specified in this section with the fre-
8 quency and in the manner required by or under this part.

9 “(b) PROGRAM MANAGEMENT.—The automated sys-
10 tem required by this section shall perform such functions
11 as the Secretary may specify relating to management of
12 the State program under this part, including—

13 “(1) controlling and accounting for use of Fed-
14 eral, State, and local funds in carrying out the pro-
15 gram; and

16 “(2) maintaining the data necessary to meet
17 Federal reporting requirements under this part on a
18 timely basis.

19 “(c) CALCULATION OF PERFORMANCE INDICA-
20 TORS.—In order to enable the Secretary to determine the
21 incentive payments and penalty adjustments required by
22 sections 452(g) and 458, the State agency shall—

23 “(1) use the automated system—

24 “(A) to maintain the requisite data on
25 State performance with respect to paternity es-

1 tablishment and child support enforcement in
2 the State; and

3 “(B) to calculate the IV–D paternity es-
4 tablishment percentage for the State for each
5 fiscal year; and

6 “(2) have in place systems controls to ensure
7 the completeness and reliability of, and ready access
8 to, the data described in paragraph (1)(A), and the
9 accuracy of the calculations described in paragraph
10 (1)(B).

11 “(d) INFORMATION INTEGRITY AND SECURITY.—The
12 State agency shall have in effect safeguards on the integ-
13 rity, accuracy, and completeness of, access to, and use of
14 data in the automated system required by this section,
15 which shall include the following (in addition to such other
16 safeguards as the Secretary may specify in regulations):

17 “(1) POLICIES RESTRICTING ACCESS.—Written
18 policies concerning access to data by State agency
19 personnel, and sharing of data with other persons,
20 which—

21 “(A) permit access to and use of data only
22 to the extent necessary to carry out the State
23 program under this part; and

1 “(B) specify the data which may be used
2 for particular program purposes, and the per-
3 sonnel permitted access to such data.

4 “(2) SYSTEMS CONTROLS.—Systems controls
5 (such as passwords or blocking of fields) to ensure
6 strict adherence to the policies described in para-
7 graph (1).

8 “(3) MONITORING OF ACCESS.—Routine mon-
9 itoring of access to and use of the automated sys-
10 tem, through methods such as audit trails and feed-
11 back mechanisms, to guard against and promptly
12 identify unauthorized access or use.

13 “(4) TRAINING AND INFORMATION.—Proce-
14 dures to ensure that all personnel (including State
15 and local agency staff and contractors) who may
16 have access to or be required to use confidential pro-
17 gram data are informed of applicable requirements
18 and penalties (including those in section 6103 of the
19 Internal Revenue Code of 1986), and are adequately
20 trained in security procedures.

21 “(5) PENALTIES.—Administrative penalties (up
22 to and including dismissal from employment) for un-
23 authorized access to, or disclosure or use of, con-
24 fidential data.”.

1 (3) REGULATIONS.—The Secretary of Health
2 and Human Services shall prescribe final regulations
3 for implementation of section 454A of the Social Se-
4 curity Act not later than 2 years after the date of
5 the enactment of this Act.

6 (4) IMPLEMENTATION TIMETABLE.—Section
7 454(24) (42 U.S.C. 654(24)), as amended by section
8 303(a)(1) of this Act, is amended to read as follows:

9 “(24) provide that the State will have in effect
10 an automated data processing and information re-
11 trieval system—

12 “(A) by October 1, 1997, which meets all
13 requirements of this part which were enacted on
14 or before the date of enactment of the Family
15 Support Act of 1988, and

16 “(B) by October 1, 1999, which meets all
17 requirements of this part enacted on or before
18 the date of the enactment of the Bipartisan
19 Welfare Reform Act of 1996, except that such
20 deadline shall be extended by 1 day for each
21 day (if any) by which the Secretary fails to
22 meet the deadline imposed by section 344(a)(3)
23 of the Bipartisan Welfare Reform Act of
24 1996;”.

1 (b) SPECIAL FEDERAL MATCHING RATE FOR DE-
2 VELOPMENT COSTS OF AUTOMATED SYSTEMS.—

3 (1) IN GENERAL.—Section 455(a) (42 U.S.C.
4 655(a)) is amended—

5 (A) in paragraph (1)(B)—

6 (i) by striking “90 percent” and in-
7 serting “the percent specified in paragraph
8 (3)”;

9 (ii) by striking “so much of”; and

10 (iii) by striking “which the Secretary”

11 and all that follows and inserting “, and”;

12 and

13 (B) by adding at the end the following new
14 paragraph:

15 “(3)(A) The Secretary shall pay to each State, for
16 each quarter in fiscal years 1996 and 1997, 90 percent
17 of so much of the State expenditures described in para-
18 graph (1)(B) as the Secretary finds are for a system meet-
19 ing the requirements specified in section 454(16) (as in
20 effect on September 30, 1995) but limited to the amount
21 approved for States in the advance planning documents
22 of such States submitted on or before May 1, 1995.

23 “(B)(i) The Secretary shall pay to each State, for
24 each quarter in fiscal years 1996 through 2001, the per-
25 centage specified in clause (ii) of so much of the State

1 expenditures described in paragraph (1)(B) as the Sec-
2 retary finds are for a system meeting the requirements
3 of sections 454(16) and 454A.

4 “(ii) The percentage specified in this clause is 80 per-
5 cent.”.

6 (2) TEMPORARY LIMITATION ON PAYMENTS
7 UNDER SPECIAL FEDERAL MATCHING RATE.—

8 (A) IN GENERAL.—The Secretary of
9 Health and Human Services may not pay more
10 than \$400,000,000 in the aggregate under sec-
11 tion 455(a)(3)(B) of the Social Security Act for
12 fiscal years 1996 through 2001.

13 (B) ALLOCATION OF LIMITATION AMONG
14 STATES.—The total amount payable to a State
15 under section 455(a)(3)(B) of such Act for fis-
16 cal years 1996 through 2001 shall not exceed
17 the limitation determined for the State by the
18 Secretary of Health and Human Services in
19 regulations.

20 (C) ALLOCATION FORMULA.—The regula-
21 tions referred to in subparagraph (B) shall pre-
22 scribe a formula for allocating the amount spec-
23 ified in subparagraph (A) among States with
24 plans approved under part D of title IV of the

1 Social Security Act, which shall take into ac-
2 count—

3 (i) the relative size of State caseloads
4 under such part; and

5 (ii) the level of automation needed to
6 meet the automated data processing re-
7 quirements of such part.

8 (c) CONFORMING AMENDMENT.—Section 123(c) of
9 the Family Support Act of 1988 (102 Stat. 2352; Public
10 Law 100–485) is repealed.

11 **SEC. 345. TECHNICAL ASSISTANCE.**

12 (a) FOR TRAINING OF FEDERAL AND STATE STAFF,
13 RESEARCH AND DEMONSTRATION PROGRAMS, AND SPE-
14 CIAL PROJECTS OF REGIONAL OR NATIONAL SIGNIFI-
15 CANCE.—Section 452 (42 U.S.C. 652) is amended by add-
16 ing at the end the following new subsection:

17 “(j) Out of any money in the Treasury of the United
18 States not otherwise appropriated, there is hereby appro-
19 priated to the Secretary for each fiscal year an amount
20 equal to 1 percent of the total amount paid to the Federal
21 Government pursuant to section 457(a) during the imme-
22 diately preceding fiscal year (as determined on the basis
23 of the most recent reliable data available to the Secretary
24 as of the end of the 3rd calendar quarter following the

1 end of such preceding fiscal year), to cover costs incurred
2 by the Secretary for—

3 “(1) information dissemination and technical
4 assistance to States, training of State and Federal
5 staff, staffing studies, and related activities needed
6 to improve programs under this part (including tech-
7 nical assistance concerning State automated systems
8 required by this part); and

9 “(2) research, demonstration, and special
10 projects of regional or national significance relating
11 to the operation of State programs under this part.
12 The amount appropriated under this subsection shall re-
13 main available until expended.”.

14 (b) OPERATION OF FEDERAL PARENT LOCATOR
15 SERVICE.—Section 453 (42 U.S.C. 653), as amended by
16 section 316 of this Act, is amended by adding at the end
17 the following new subsection:

18 “(o) RECOVERY OF COSTS.—Out of any money in the
19 Treasury of the United States not otherwise appropriated,
20 there is hereby appropriated to the Secretary for each fis-
21 cal year an amount equal to 2 percent of the total amount
22 paid to the Federal Government pursuant to section
23 457(a) during the immediately preceding fiscal year (as
24 determined on the basis of the most recent reliable data
25 available to the Secretary as of the end of the 3rd calendar

1 quarter following the end of such preceding fiscal year),
2 to cover costs incurred by the Secretary for operation of
3 the Federal Parent Locator Service under this section, to
4 the extent such costs are not recovered through user
5 fees.”.

6 **SEC. 346. REPORTS AND DATA COLLECTION BY THE SEC-**
7 **RETARY.**

8 (a) ANNUAL REPORT TO CONGRESS.—

9 (1) Section 452(a)(10)(A) (42 U.S.C.
10 652(a)(10)(A)) is amended—

11 (A) by striking “this part;” and inserting
12 “this part, including—”; and

13 (B) by adding at the end the following new
14 clauses:

15 “(i) the total amount of child support
16 payments collected as a result of services
17 furnished during the fiscal year to individ-
18 uals receiving services under this part;

19 “(ii) the cost to the States and to the
20 Federal Government of so furnishing the
21 services; and

22 “(iii) the number of cases involving
23 families—

24 “(I) who became ineligible for as-
25 sistance under State programs funded

1 under part A during a month in the
2 fiscal year; and

3 “(II) with respect to whom a
4 child support payment was received in
5 the month;”.

6 (2) Section 452(a)(10)(C) (42 U.S.C.
7 652(a)(10)(C)) is amended—

8 (A) in the matter preceding clause (i)—

9 (i) by striking “with the data required
10 under each clause being separately stated
11 for cases” and inserting “separately stated
12 for (1) case”;

13 (ii) by striking “cases where the child
14 was formerly receiving” and inserting “or
15 formerly received”;

16 (iii) by inserting “or 1912” after
17 “471(a)(17)”; and

18 (iv) by inserting “(2)” before “all
19 other”;

20 (B) in each of clauses (i) and (ii), by strik-
21 ing “, and the total amount of such obliga-
22 tions”;

23 (C) in clause (iii), by striking “described
24 in” and all that follows and inserting “in which
25 support was collected during the fiscal year;”;

1 (D) by striking clause (iv); and

2 (E) by redesignating clause (v) as clause
3 (vii), and inserting after clause (iii) the follow-
4 ing new clauses:

5 “(iv) the total amount of support col-
6 lected during such fiscal year and distrib-
7 uted as current support;

8 “(v) the total amount of support col-
9 lected during such fiscal year and distrib-
10 uted as arrearages;

11 “(vi) the total amount of support due
12 and unpaid for all fiscal years; and”.

13 (3) Section 452(a)(10)(G) (42 U.S.C.
14 652(a)(10)(G)) is amended by striking “on the use
15 of Federal courts and”.

16 (4) Section 452(a)(10) (42 U.S.C. 652(a)(10))
17 is amended—

18 (A) in subparagraph (H), by striking
19 “and”;

20 (B) in subparagraph (I), by striking the
21 period and inserting “; and”; and

22 (C) by inserting after subparagraph (I) the
23 following new subparagraph:

1 “(J) compliance, by State, with the stand-
 2 ards established pursuant to subsections (h)
 3 and (i).”.

4 (5) Section 452(a)(10) (42 U.S.C. 652(a)(10))
 5 is amended by striking all that follows subparagraph
 6 (J), as added by paragraph (4).

7 (b) EFFECTIVE DATE.—The amendments made by
 8 subsection (a) shall be effective with respect to fiscal year
 9 1996 and succeeding fiscal years.

10 **Subtitle F—Establishment and** 11 **Modification of Support Orders**

12 **SEC. 351. SIMPLIFIED PROCESS FOR REVIEW AND ADJUST-** 13 **MENT OF CHILD SUPPORT ORDERS.**

14 Section 466(a)(10) (42 U.S.C. 666(a)(10)) is amend-
 15 ed to read as follows:

16 “(10) REVIEW AND ADJUSTMENT OF SUPPORT
 17 ORDERS UPON REQUEST.—Procedures under which
 18 the State shall review and adjust each support order
 19 being enforced under this part upon the request of
 20 either parent or the State if there is an assignment.
 21 Such procedures shall provide the following:

22 “(A) IN GENERAL.—

23 “(i) 3-YEAR CYCLE.—Except as pro-
 24 vided in subparagraphs (B) and (C), the
 25 State shall review and, as appropriate, ad-

1 just the support order every 3 years, tak-
2 ing into account the best interests of the
3 child involved.

4 “(ii) METHODS OF ADJUSTMENT.—
5 The State may elect to review and, if ap-
6 propriate, adjust an order pursuant to
7 clause (i) by—

8 “(I) reviewing and, if appro-
9 priate, adjusting the order in accord-
10 ance with the guidelines established
11 pursuant to section 467(a) if the
12 amount of the child support award
13 under the order differs from the
14 amount that would be awarded in ac-
15 cordance with the guidelines; or

16 “(II) applying a cost-of-living ad-
17 justment to the order in accordance
18 with a formula developed by the State
19 and permit either party to contest the
20 adjustment, within 30 days after the
21 date of the notice of the adjustment,
22 by making a request for review and, if
23 appropriate, adjustment of the order
24 in accordance with the child support

1 guidelines established pursuant to sec-
2 tion 467(a).

3 “(iii) NO PROOF OF CHANGE IN CIR-
4 CUMSTANCES NECESSARY.—Any adjust-
5 ment under this subparagraph (A) shall be
6 made without a requirement for proof or
7 showing of a change in circumstances.

8 “(B) AUTOMATED METHOD.—The State
9 may use automated methods (including auto-
10 mated comparisons with wage or State income
11 tax data) to identify orders eligible for review,
12 conduct the review, identify orders eligible for
13 adjustment, and apply the appropriate adjust-
14 ment to the orders eligible for adjustment
15 under the threshold established by the State.

16 “(C) REQUEST UPON SUBSTANTIAL
17 CHANGE IN CIRCUMSTANCES.—The State shall,
18 at the request of either parent subject to such
19 an order or of any State child support enforce-
20 ment agency, review and, if appropriate, adjust
21 the order in accordance with the guidelines es-
22 tablished pursuant to section 467(a) based
23 upon a substantial change in the circumstances
24 of either parent.

1 “(D) NOTICE OF RIGHT TO REVIEW.—The
2 State shall provide notice not less than once
3 every 3 years to the parents subject to such an
4 order informing them of their right to request
5 the State to review and, if appropriate, adjust
6 the order pursuant to this paragraph. The no-
7 tice may be included in the order.”.

8 **SEC. 352. FURNISHING CONSUMER REPORTS FOR CERTAIN**
9 **PURPOSES RELATING TO CHILD SUPPORT.**

10 Section 604 of the Fair Credit Reporting Act (15
11 U.S.C. 1681b) is amended by adding at the end the follow-
12 ing new paragraphs:

13 “(4) In response to a request by the head of a
14 State or local child support enforcement agency (or
15 a State or local government official authorized by
16 the head of such an agency), if the person making
17 the request certifies to the consumer reporting agen-
18 cy that—

19 “(A) the consumer report is needed for the
20 purpose of establishing an individual’s capacity
21 to make child support payments or determining
22 the appropriate level of such payments;

23 “(B) the paternity of the consumer for the
24 child to which the obligation relates has been
25 established or acknowledged by the consumer in

1 accordance with State laws under which the ob-
2 ligation arises (if required by those laws);

3 “(C) the person has provided at least 10
4 days’ prior notice to the consumer whose report
5 is requested, by certified or registered mail to
6 the last known address of the consumer, that
7 the report will be requested; and

8 “(D) the consumer report will be kept con-
9 fidential, will be used solely for a purpose de-
10 scribed in subparagraph (A), and will not be
11 used in connection with any other civil, admin-
12 istrative, or criminal proceeding, or for any
13 other purpose.

14 “(5) To an agency administering a State plan
15 under section 454 of the Social Security Act (42
16 U.S.C. 654) for use to set an initial or modified
17 child support award.”.

18 **SEC. 353. NONLIABILITY FOR FINANCIAL INSTITUTIONS**
19 **PROVIDING FINANCIAL RECORDS TO STATE**
20 **CHILD SUPPORT ENFORCEMENT AGENCIES**
21 **IN CHILD SUPPORT CASES.**

22 (a) IN GENERAL.—Notwithstanding any other provi-
23 sion of Federal or State law, a financial institution shall
24 not be liable under any Federal or State law to any person
25 for disclosing any financial record of an individual to a

1 State child support enforcement agency attempting to es-
2 tablish, modify, or enforce a child support obligation of
3 such individual.

4 (b) PROHIBITION OF DISCLOSURE OF FINANCIAL
5 RECORD OBTAINED BY STATE CHILD SUPPORT EN-
6 FORCEMENT AGENCY.—A State child support enforcement
7 agency which obtains a financial record of an individual
8 from a financial institution pursuant to subsection (a)
9 may disclose such financial record only for the purpose
10 of, and to the extent necessary in, establishing, modifying,
11 or enforcing a child support obligation of such individual.

12 (c) CIVIL DAMAGES FOR UNAUTHORIZED DISCLO-
13 SURE.—

14 (1) DISCLOSURE BY STATE OFFICER OR EM-
15 PLOYEE.—If any person knowingly, or by reason of
16 negligence, discloses a financial record of an individ-
17 ual in violation of subsection (b), such individual
18 may bring a civil action for damages against such
19 person in a district court of the United States.

20 (2) NO LIABILITY FOR GOOD FAITH BUT ERRO-
21 NEOUS INTERPRETATION.—No liability shall arise
22 under this subsection with respect to any disclosure
23 which results from a good faith, but erroneous, in-
24 terpretation of subsection (b).

1 (3) DAMAGES.—In any action brought under
2 paragraph (1), upon a finding of liability on the part
3 of the defendant, the defendant shall be liable to the
4 plaintiff in an amount equal to the sum of—

5 (A) the greater of—

6 (i) \$1,000 for each act of unauthor-
7 ized disclosure of a financial record with
8 respect to which such defendant is found
9 liable; or

10 (ii) the sum of—

11 (I) the actual damages sustained
12 by the plaintiff as a result of such un-
13 authorized disclosure; plus

14 (II) in the case of a willful disclo-
15 sure or a disclosure which is the re-
16 sult of gross negligence, punitive dam-
17 ages; plus

18 (B) the costs (including attorney's fees) of
19 the action.

20 (d) DEFINITIONS.—For purposes of this section—

21 (1) FINANCIAL INSTITUTION.—The term “fi-
22 nancial institution” means—

23 (A) a depository institution, as defined in
24 section 3(c) of the Federal Deposit Insurance
25 Act (12 U.S.C. 1813(c));

1 (B) an institution-affiliated party, as de-
2 fined in section 3(u) of such Act (12 U.S.C.
3 1813(v));

4 (C) any Federal credit union or State cred-
5 it union, as defined in section 101 of the Fed-
6 eral Credit Union Act (12 U.S.C. 1752), includ-
7 ing an institution-affiliated party of such a
8 credit union, as defined in section 206(r) of
9 such Act (12 U.S.C. 1786(r)); and

10 (D) any benefit association, insurance com-
11 pany, safe deposit company, money-market mu-
12 tual fund, or similar entity authorized to do
13 business in the State.

14 (2) FINANCIAL RECORD.—The term “financial
15 record” has the meaning given such term in section
16 1101 of the Right to Financial Privacy Act of 1978
17 (12 U.S.C. 3401).

18 (3) STATE CHILD SUPPORT ENFORCEMENT
19 AGENCY.—The term “State child support enforce-
20 ment agency” means a State agency which admin-
21 isters a State program for establishing and enforcing
22 child support obligations.

Subtitle G—Enforcement of Support Orders

SEC. 361. INTERNAL REVENUE SERVICE COLLECTION OF ARREARAGES.

(a) COLLECTION OF FEES.—Section 6305(a) of the Internal Revenue Code of 1986 (relating to collection of certain liability) is amended—

(1) by striking “and” at the end of paragraph (3);

(2) by striking the period at the end of paragraph (4) and inserting “, and”;

(3) by adding at the end the following new paragraph:

“(5) no additional fee may be assessed for adjustments to an amount previously certified pursuant to such section 452(b) with respect to the same obligor.”; and

(4) by striking “Secretary of Health, Education, and Welfare” each place it appears and inserting “Secretary of Health and Human Services”.

(b) EFFECTIVE DATE.—The amendments made by this section shall become effective October 1, 1997.

1 **SEC. 362. AUTHORITY TO COLLECT SUPPORT FROM FED-**
2 **ERAL EMPLOYEES.**

3 (a) CONSOLIDATION AND STREAMLINING OF AU-
4 THORITIES.—Section 459 (42 U.S.C. 659) is amended to
5 read as follows:

6 **“SEC. 459. CONSENT BY THE UNITED STATES TO INCOME**
7 **WITHHOLDING, GARNISHMENT, AND SIMILAR**
8 **PROCEEDINGS FOR ENFORCEMENT OF CHILD**
9 **SUPPORT AND ALIMONY OBLIGATIONS.**

10 “(a) CONSENT TO SUPPORT ENFORCEMENT.—Not-
11 withstanding any other provision of law (including section
12 207 of this Act and section 5301 of title 38, United States
13 Code), effective January 1, 1975, moneys (the entitlement
14 to which is based upon remuneration for employment) due
15 from, or payable by, the United States or the District of
16 Columbia (including any agency, subdivision, or instru-
17 mentality thereof) to any individual, including members
18 of the Armed Forces of the United States, shall be subject,
19 in like manner and to the same extent as if the United
20 States or the District of Columbia were a private person,
21 to withholding in accordance with State law enacted pur-
22 suant to subsections (a)(1) and (b) of section 466 and reg-
23 ulations of the Secretary under such subsections, and to
24 any other legal process brought, by a State agency admin-
25 istering a program under a State plan approved under this

1 part or by an individual obligee, to enforce the legal obliga-
2 tion of the individual to provide child support or alimony.

3 “(b) CONSENT TO REQUIREMENTS APPLICABLE TO
4 PRIVATE PERSON.—With respect to notice to withhold in-
5 come pursuant to subsection (a)(1) or (b) of section 466,
6 or any other order or process to enforce support obliga-
7 tions against an individual (if the order or process con-
8 tains or is accompanied by sufficient data to permit
9 prompt identification of the individual and the moneys in-
10 volved), each governmental entity specified in subsection
11 (a) shall be subject to the same requirements as would
12 apply if the entity were a private person, except as other-
13 wise provided in this section.

14 “(c) DESIGNATION OF AGENT; RESPONSE TO NOTICE
15 OR PROCESS—

16 “(1) DESIGNATION OF AGENT.—The head of
17 each agency subject to this section shall—

18 “(A) designate an agent or agents to re-
19 ceive orders and accept service of process in
20 matters relating to child support or alimony;
21 and

22 “(B) annually publish in the Federal Reg-
23 ister the designation of the agent or agents,
24 identified by title or position, mailing address,
25 and telephone number.

1 “(2) RESPONSE TO NOTICE OR PROCESS.—If an
2 agent designated pursuant to paragraph (1) of this
3 subsection receives notice pursuant to State proce-
4 dures in effect pursuant to subsection (a)(1) or (b)
5 of section 466, or is effectively served with any
6 order, process, or interrogatory, with respect to an
7 individual’s child support or alimony payment obli-
8 gations, the agent shall—

9 “(A) as soon as possible (but not later
10 than 15 days) thereafter, send written notice of
11 the notice or service (together with a copy of
12 the notice or service) to the individual at the
13 duty station or last-known home address of the
14 individual;

15 “(B) within 30 days (or such longer period
16 as may be prescribed by applicable State law)
17 after receipt of a notice pursuant to such State
18 procedures, comply with all applicable provi-
19 sions of section 466; and

20 “(C) within 30 days (or such longer period
21 as may be prescribed by applicable State law)
22 after effective service of any other such order,
23 process, or interrogatory, respond to the order,
24 process, or interrogatory.

1 “(d) PRIORITY OF CLAIMS.—If a governmental entity
2 specified in subsection (a) receives notice or is served with
3 process, as provided in this section, concerning amounts
4 owed by an individual to more than 1 person—

5 “(1) support collection under section 466(b)
6 must be given priority over any other process, as
7 provided in section 466(b)(7);

8 “(2) allocation of moneys due or payable to an
9 individual among claimants under section 466(b)
10 shall be governed by section 466(b) and the regula-
11 tions prescribed under such section; and

12 “(3) such moneys as remain after compliance
13 with paragraphs (1) and (2) shall be available to
14 satisfy any other such processes on a first-come,
15 first-served basis, with any such process being satis-
16 fied out of such moneys as remain after the satisfac-
17 tion of all such processes which have been previously
18 served.

19 “(e) NO REQUIREMENT TO VARY PAY CYCLES.—A
20 governmental entity that is affected by legal process
21 served for the enforcement of an individual’s child support
22 or alimony payment obligations shall not be required to
23 vary its normal pay and disbursement cycle in order to
24 comply with the legal process.

25 “(f) RELIEF FROM LIABILITY.—

1 “(1) Neither the United States, nor the govern-
2 ment of the District of Columbia, nor any disbursing
3 officer shall be liable with respect to any payment
4 made from moneys due or payable from the United
5 States to any individual pursuant to legal process
6 regular on its face, if the payment is made in ac-
7 cordance with this section and the regulations issued
8 to carry out this section.

9 “(2) No Federal employee whose duties include
10 taking actions necessary to comply with the require-
11 ments of subsection (a) with regard to any individ-
12 ual shall be subject under any law to any discipli-
13 nary action or civil or criminal liability or penalty
14 for, or on account of, any disclosure of information
15 made by the employee in connection with the carry-
16 ing out of such actions.

17 “(g) REGULATIONS.—Authority to promulgate regu-
18 lations for the implementation of this section shall, insofar
19 as this section applies to moneys due from (or payable
20 by)—

21 “(1) the United States (other than the legisla-
22 tive or judicial branches of the Federal Government)
23 or the government of the District of Columbia, be
24 vested in the President (or the designee of the Presi-
25 dent);

1 “(2) the legislative branch of the Federal Gov-
2 ernment, be vested jointly in the President pro tem-
3 pore of the Senate and the Speaker of the House of
4 Representatives (or their designees), and

5 “(3) the judicial branch of the Federal Govern-
6 ment, be vested in the Chief Justice of the United
7 States (or the designee of the Chief Justice).

8 “(h) MONEYS SUBJECT TO PROCESS.—

9 “(1) IN GENERAL.—Subject to paragraph (2),
10 moneys paid or payable to an individual which are
11 considered to be based upon remuneration for em-
12 ployment, for purposes of this section—

13 “(A) consist of—

14 “(i) compensation paid or payable for
15 personal services of the individual, whether
16 the compensation is denominated as wages,
17 salary, commission, bonus, pay, allowances,
18 or otherwise (including severance pay, sick
19 pay, and incentive pay);

20 “(ii) periodic benefits (including a
21 periodic benefit as defined in section
22 228(h)(3)) or other payments—

23 “(I) under the insurance system
24 established by title II;

1 “(II) under any other system or
2 fund established by the United States
3 which provides for the payment of
4 pensions, retirement or retired pay,
5 annuities, dependents’ or survivors’
6 benefits, or similar amounts payable
7 on account of personal services per-
8 formed by the individual or any other
9 individual;

10 “(III) as compensation for death
11 under any Federal program;

12 “(IV) under any Federal pro-
13 gram established to provide ‘black
14 lung’ benefits; or

15 “(V) by the Secretary of Veter-
16 ans Affairs as compensation for a
17 service-connected disability paid by
18 the Secretary to a former member of
19 the Armed Forces who is in receipt of
20 retired or retainer pay if the former
21 member has waived a portion of the
22 retired or retainer pay in order to re-
23 ceive such compensation; and

24 “(iii) worker’s compensation benefits
25 paid under Federal or State law but

1 “(B) do not include any payment—

2 “(i) by way of reimbursement or oth-
3 erwise, to defray expenses incurred by the
4 individual in carrying out duties associated
5 with the employment of the individual; or

6 “(ii) as allowances for members of the
7 uniformed services payable pursuant to
8 chapter 7 of title 37, United States Code,
9 as prescribed by the Secretaries concerned
10 (defined by section 101(5) of such title) as
11 necessary for the efficient performance of
12 duty.

13 “(2) CERTAIN AMOUNTS EXCLUDED.—In deter-
14 mining the amount of any moneys due from, or pay-
15 able by, the United States to any individual, there
16 shall be excluded amounts which—

17 “(A) are owed by the individual to the
18 United States;

19 “(B) are required by law to be, and are,
20 deducted from the remuneration or other pay-
21 ment involved, including Federal employment
22 taxes, and fines and forfeitures ordered by
23 court-martial;

24 “(C) are properly withheld for Federal,
25 State, or local income tax purposes, if the with-

1 holding of the amounts is authorized or re-
2 quired by law and if amounts withheld are not
3 greater than would be the case if the individual
4 claimed all dependents to which he was entitled
5 (the withholding of additional amounts pursu-
6 ant to section 3402(i) of the Internal Revenue
7 Code of 1986 may be permitted only when the
8 individual presents evidence of a tax obligation
9 which supports the additional withholding);

10 “(D) are deducted as health insurance pre-
11 miums;

12 “(E) are deducted as normal retirement
13 contributions (not including amounts deducted
14 for supplementary coverage); or

15 “(F) are deducted as normal life insurance
16 premiums from salary or other remuneration
17 for employment (not including amounts de-
18 ducted for supplementary coverage).

19 “(i) DEFINITIONS.—For purposes of this section—

20 “(1) UNITED STATES.—The term ‘United
21 States’ includes any department, agency, or instru-
22 mentality of the legislative, judicial, or executive
23 branch of the Federal Government, the United
24 States Postal Service, the Postal Rate Commission,
25 any Federal corporation created by an Act of Con-

1 gress that is wholly owned by the Federal Govern-
2 ment, and the governments of the territories and
3 possessions of the United States.

4 “(2) CHILD SUPPORT.—The term ‘child sup-
5 port’, when used in reference to the legal obligations
6 of an individual to provide such support, means
7 amounts required to be paid under a judgment, de-
8 cree, or order, whether temporary, final, or subject
9 to modification, issued by a court or an administra-
10 tive agency of competent jurisdiction, for the sup-
11 port and maintenance of a child, including a child
12 who has attained the age of majority under the law
13 of the issuing State, or a child and the parent with
14 whom the child is living, which provides for mone-
15 tary support, health care, arrearages or reimburse-
16 ment, and which may include other related costs and
17 fees, interest and penalties, income withholding, at-
18 torney’s fees, and other relief.

19 “(3) ALIMONY.—

20 “(A) IN GENERAL.—The term ‘alimony’,
21 when used in reference to the legal obligations
22 of an individual to provide the same, means
23 periodic payments of funds for the support and
24 maintenance of the spouse (or former spouse)
25 of the individual, and (subject to and in accord-

1 ance with State law) includes separate mainte-
2 nance, alimony pendente lite, maintenance, and
3 spousal support, and includes attorney’s fees,
4 interest, and court costs when and to the extent
5 that the same are expressly made recoverable as
6 such pursuant to a decree, order, or judgment
7 issued in accordance with applicable State law
8 by a court of competent jurisdiction.

9 “(B) EXCEPTIONS.—Such term does not
10 include—

11 “(i) any child support; or

12 “(ii) any payment or transfer of prop-
13 erty or its value by an individual to the
14 spouse or a former spouse of the individual
15 in compliance with any community prop-
16 erty settlement, equitable distribution of
17 property, or other division of property be-
18 tween spouses or former spouses.

19 “(4) PRIVATE PERSON.—The term ‘private per-
20 son’ means a person who does not have sovereign or
21 other special immunity or privilege which causes the
22 person not to be subject to legal process.

23 “(5) LEGAL PROCESS.—The term ‘legal proc-
24 ess’ means any writ, order, summons, or other simi-
25 lar process in the nature of garnishment—

1 “(A) which is issued by—

2 “(i) a court or an administrative
3 agency of competent jurisdiction in any
4 State, territory, or possession of the Unit-
5 ed States;

6 “(ii) a court or an administrative
7 agency of competent jurisdiction in any
8 foreign country with which the United
9 States has entered into an agreement
10 which requires the United States to honor
11 the process; or

12 “(iii) an authorized official pursuant
13 to an order of such a court or an adminis-
14 trative agency of competent jurisdiction or
15 pursuant to State or local law; and

16 “(B) which is directed to, and the purpose
17 of which is to compel, a governmental entity
18 which holds moneys which are otherwise pay-
19 able to an individual to make a payment from
20 the moneys to another party in order to satisfy
21 a legal obligation of the individual to provide
22 child support or make alimony payments.”.

23 (b) CONFORMING AMENDMENTS.—

24 (1) TO PART D OF TITLE IV.—Sections 461 and
25 462 (42 U.S.C. 661 and 662) are repealed.

1 (2) TO TITLE 5, UNITED STATES CODE.—Sec-
2 tion 5520a of title 5, United States Code, is amend-
3 ed, in subsections (h)(2) and (i), by striking “sec-
4 tions 459, 461, and 462 of the Social Security Act
5 (42 U.S.C. 659, 661, and 662)” and inserting “sec-
6 tion 459 of the Social Security Act (42 U.S.C.
7 659)”.

8 (c) MILITARY RETIRED AND RETAINER PAY.—

9 (1) DEFINITION OF COURT.—Section
10 1408(a)(1) of title 10, United States Code, is
11 amended—

12 (A) by striking “and” at the end of sub-
13 paragraph (B);

14 (B) by striking the period at the end of
15 subparagraph (C) and inserting “; and”; and

16 (C) by adding after subparagraph (C) the
17 following: new subparagraph:

18 “(D) any administrative or judicial tribu-
19 nal of a State competent to enter orders for
20 support or maintenance (including a State
21 agency administering a program under a State
22 plan approved under part D of title IV of the
23 Social Security Act), and, for purposes of this
24 subparagraph, the term ‘State’ includes the
25 District of Columbia, the Commonwealth of

1 Puerto Rico, the Virgin Islands, Guam, and
2 American Samoa.”.

3 (2) DEFINITION OF COURT ORDER.—Section
4 1408(a)(2) of such title is amended—

5 (A) by inserting “or a support order, as
6 defined in section 453(p) of the Social Security
7 Act (42 U.S.C. 653(p)),” before “which—”;

8 (B) in subparagraph (B)(i), by striking
9 “(as defined in section 462(b) of the Social Se-
10 curity Act (42 U.S.C. 662(b)))” and inserting
11 “(as defined in section 459(i)(2) of the Social
12 Security Act (42 U.S.C. 662(i)(2)))”; and

13 (C) in subparagraph (B)(ii), by striking
14 “(as defined in section 462(c) of the Social Se-
15 curity Act (42 U.S.C. 662(c)))” and inserting
16 “(as defined in section 459(i)(3) of the Social
17 Security Act (42 U.S.C. 662(i)(3)))”.

18 (3) PUBLIC PAYEE.—Section 1408(d) of such
19 title is amended—

20 (A) in the heading, by inserting “(OR FOR
21 BENEFIT OF)” before “SPOUSE OR”; and

22 (B) in paragraph (1), in the 1st sentence,
23 by inserting “(or for the benefit of such spouse
24 or former spouse to a State disbursement unit
25 established pursuant to section 454B of the So-

1 cial Security Act or other public payee des-
 2 ignated by a State, in accordance with part D
 3 of title IV of the Social Security Act, as di-
 4 rected by court order, or as otherwise directed
 5 in accordance with such part D)” before “in an
 6 amount sufficient”.

7 (4) RELATIONSHIP TO PART D OF TITLE IV.—
 8 Section 1408 of such title is amended by adding at
 9 the end the following new subsection:

10 “(j) RELATIONSHIP TO OTHER LAWS.—In any case
 11 involving an order providing for payment of child support
 12 (as defined in section 459(i)(2) of the Social Security Act)
 13 by a member who has never been married to the other
 14 parent of the child, the provisions of this section shall not
 15 apply, and the case shall be subject to the provisions of
 16 section 459 of such Act.”.

17 (d) EFFECTIVE DATE.—The amendments made by
 18 this section shall become effective 6 months after the date
 19 of the enactment of this Act.

20 **SEC. 363. ENFORCEMENT OF CHILD SUPPORT OBLIGA-**
 21 **TIONS OF MEMBERS OF THE ARMED FORCES.**

22 (a) AVAILABILITY OF LOCATOR INFORMATION.—

23 (1) MAINTENANCE OF ADDRESS INFORMA-
 24 TION.—The Secretary of Defense shall establish a
 25 centralized personnel locator service that includes

1 the address of each member of the Armed Forces
2 under the jurisdiction of the Secretary. Upon re-
3 quest of the Secretary of Transportation, addresses
4 for members of the Coast Guard shall be included in
5 the centralized personnel locator service.

6 (2) TYPE OF ADDRESS.—

7 (A) RESIDENTIAL ADDRESS.—Except as
8 provided in subparagraph (B), the address for
9 a member of the Armed Forces shown in the lo-
10 cator service shall be the residential address of
11 that member.

12 (B) DUTY ADDRESS.—The address for a
13 member of the Armed Forces shown in the loca-
14 tor service shall be the duty address of that
15 member in the case of a member—

16 (i) who is permanently assigned over-
17 seas, to a vessel, or to a routinely
18 deployable unit; or

19 (ii) with respect to whom the Sec-
20 retary concerned makes a determination
21 that the member's residential address
22 should not be disclosed due to national se-
23 curity or safety concerns.

24 (3) UPDATING OF LOCATOR INFORMATION.—

25 Within 30 days after a member listed in the locator

1 service establishes a new residential address (or a
2 new duty address, in the case of a member covered
3 by paragraph (2)(B)), the Secretary concerned shall
4 update the locator service to indicate the new ad-
5 dress of the member.

6 (4) AVAILABILITY OF INFORMATION.—The Sec-
7 retary of Defense shall make information regarding
8 the address of a member of the Armed Forces listed
9 in the locator service available, on request, to the
10 Federal Parent Locator Service established under
11 section 453 of the Social Security Act.

12 (b) FACILITATING GRANTING OF LEAVE FOR AT-
13 TENDANCE AT HEARINGS.—

14 (1) REGULATIONS.—The Secretary of each
15 military department, and the Secretary of Transpor-
16 tation with respect to the Coast Guard when it is
17 not operating as a service in the Navy, shall pre-
18 scribe regulations to facilitate the granting of leave
19 to a member of the Armed Forces under the juris-
20 diction of that Secretary in a case in which—

21 (A) the leave is needed for the member to
22 attend a hearing described in paragraph (2);

23 (B) the member is not serving in or with
24 a unit deployed in a contingency operation (as

1 defined in section 101 of title 10, United States
2 Code); and

3 (C) the exigencies of military service (as
4 determined by the Secretary concerned) do not
5 otherwise require that such leave not be grant-
6 ed.

7 (2) COVERED HEARINGS.—Paragraph (1) ap-
8 plies to a hearing that is conducted by a court or
9 pursuant to an administrative process established
10 under State law, in connection with a civil action—

11 (A) to determine whether a member of the
12 Armed Forces is a natural parent of a child; or

13 (B) to determine an obligation of a mem-
14 ber of the Armed Forces to provide child sup-
15 port.

16 (3) DEFINITIONS.—For purposes of this sub-
17 section—

18 (A) The term “court” has the meaning
19 given that term in section 1408(a) of title 10,
20 United States Code.

21 (B) The term “child support” has the
22 meaning given such term in section 459(i) of
23 the Social Security Act (42 U.S.C. 659(i)).

24 (c) PAYMENT OF MILITARY RETIRED PAY IN COM-
25 PLIANCE WITH CHILD SUPPORT ORDERS.—

1 (1) DATE OF CERTIFICATION OF COURT
2 ORDER.—Section 1408 of title 10, United States
3 Code, as amended by section 362(c)(4) of this Act,
4 is amended—

5 (A) by redesignating subsections (i) and (j)
6 as subsections (j) and (k), respectively; and

7 (B) by inserting after subsection (h) the
8 following new subsection:

9 “(i) CERTIFICATION DATE.—It is not necessary that
10 the date of a certification of the authenticity or complete-
11 ness of a copy of a court order for child support received
12 by the Secretary concerned for the purposes of this section
13 be recent in relation to the date of receipt by the Sec-
14 retary.”.

15 (2) PAYMENTS CONSISTENT WITH ASSIGN-
16 MENTS OF RIGHTS TO STATES.—Section 1408(d)(1)
17 of such title is amended by inserting after the 1st
18 sentence the following new sentence: “In the case of
19 a spouse or former spouse who, pursuant to section
20 408(a)(4) of the Social Security Act, assigns to a
21 State the rights of the spouse or former spouse to
22 receive support, the Secretary concerned may make
23 the child support payments referred to in the preced-
24 ing sentence to that State in amounts consistent
25 with that assignment of rights.”.

1 (3) ARREARAGES OWED BY MEMBERS OF THE
2 UNIFORMED SERVICES.—Section 1408(d) of such
3 title is amended by adding at the end the following
4 new paragraph:

5 “(6) In the case of a court order for which effective
6 service is made on the Secretary concerned on or after
7 the date of the enactment of this paragraph and which
8 provides for payments from the disposable retired pay of
9 a member to satisfy the amount of child support set forth
10 in the order, the authority provided in paragraph (1) to
11 make payments from the disposable retired pay of a mem-
12 ber to satisfy the amount of child support set forth in a
13 court order shall apply to payment of any amount of child
14 support arrearages set forth in that order as well as to
15 amounts of child support that currently become due.”.

16 (4) PAYROLL DEDUCTIONS.—The Secretary of
17 Defense shall begin payroll deductions within 30
18 days after receiving notice of withholding, or for the
19 1st pay period that begins after such 30-day period.

20 **SEC. 364. VOIDING OF FRAUDULENT TRANSFERS.**

21 Section 466 (42 U.S.C. 666), as amended by section
22 321 of this Act, is amended by adding at the end the fol-
23 lowing new subsection:

1 “(g) LAWS VOIDING FRAUDULENT TRANSFERS.—In
 2 order to satisfy section 454(20)(A), each State must have
 3 in effect—

4 “(1)(A) the Uniform Fraudulent Conveyance
 5 Act of 1981;

6 “(B) the Uniform Fraudulent Transfer Act
 7 of 1984; or

8 “(C) another law, specifying indicia of
 9 fraud which create a prima facie case that a
 10 debtor transferred income or property to avoid
 11 payment to a child support creditor, which the
 12 Secretary finds affords comparable rights to
 13 child support creditors; and

14 “(2) procedures under which, in any case in
 15 which the State knows of a transfer by a child sup-
 16 port debtor with respect to which such a prima facie
 17 case is established, the State must—

18 “(A) seek to void such transfer; or

19 “(B) obtain a settlement in the best inter-
 20 ests of the child support creditor.”.

21 **SEC. 365. WORK REQUIREMENT FOR PERSONS OWING**
 22 **PAST-DUE CHILD SUPPORT.**

23 (a) IN GENERAL.—Section 466(a) of the Social Secu-
 24 rity Act (42 U.S.C. 666(a)), as amended by sections 315,

1 317(a), and 323 of this Act, is amended by adding at the
2 end the following new paragraph:

3 “(15) PROCEDURES TO ENSURE THAT PERSONS
4 OWING PAST-DUE SUPPORT WORK OR HAVE A PLAN
5 FOR PAYMENT OF SUCH SUPPORT.—

6 “(A) IN GENERAL.—Procedures under
7 which the State has the authority, in any case
8 in which an individual owes past-due support
9 with respect to a child receiving assistance
10 under a State program funded under part A, to
11 seek a court order that requires the individual
12 to—

13 “(i) pay such support in accordance
14 with a plan approved by the court, or, at
15 the option of the State, a plan approved by
16 the State agency administering the State
17 program under this part; or

18 “(ii) if the individual is subject to
19 such a plan and is not incapacitated, par-
20 ticipate in such work activities (as defined
21 in section 407(d)) as the court, or, at the
22 option of the State, the State agency ad-
23 ministering the State program under this
24 part, deems appropriate.

1 “(B) PAST-DUE SUPPORT DEFINED.—For
2 purposes of subparagraph (A), the term ‘past-
3 due support’ means the amount of a delin-
4 quency, determined under a court order, or an
5 order of an administrative process established
6 under State law, for support and maintenance
7 of a child, or of a child and the parent with
8 whom the child is living.”.

9 (b) CONFORMING AMENDMENT.—The flush para-
10 graph at the end of section 466(a) (42 U.S.C.666(a)) is
11 amended by striking “and (7)” and inserting “(7), and
12 (15)”.

13 **SEC. 366. DEFINITION OF SUPPORT ORDER.**

14 Section 453 (42 U.S.C. 653) as amended by sections
15 316 and 345(b) of this Act, is amended by adding at the
16 end the following new subsection:

17 “(p) SUPPORT ORDER DEFINED.—As used in this
18 part, the term ‘support order’ means a judgment, decree,
19 or order, whether temporary, final, or subject to modifica-
20 tion, issued by a court or an administrative agency of com-
21 petent jurisdiction, for the support and maintenance of a
22 child, including a child who has attained the age of major-
23 ity under the law of the issuing State, or a child and the
24 parent with whom the child is living, which provides for
25 monetary support, health care, arrearages, or reimburse-

1 ment, and which may include related costs and fees, inter-
2 est and penalties, income withholding, attorneys' fees, and
3 other relief.”.

4 **SEC. 367. REPORTING ARREARAGES TO CREDIT BUREAUS.**

5 Section 466(a)(7) (42 U.S.C. 666(a)(7)) is amended
6 to read as follows:

7 “(7) REPORTING ARREARAGES TO CREDIT BU-
8 REAUS.—

9 “(A) IN GENERAL.—Procedures (subject to
10 safeguards pursuant to subparagraph (B)) re-
11 quiring the State to report periodically to
12 consumer reporting agencies (as defined in sec-
13 tion 603(f) of the Fair Credit Reporting Act
14 (15 U.S.C. 1681a(f)) the name of any non-
15 custodial parent who is delinquent in the pay-
16 ment of support, and the amount of overdue
17 support owed by such parent.

18 “(B) SAFEGUARDS.—Procedures ensuring
19 that, in carrying out subparagraph (A), infor-
20 mation with respect to a noncustodial parent is
21 reported—

22 “(i) only after such parent has been
23 afforded all due process required under
24 State law, including notice and a reason-

1 able opportunity to contest the accuracy of
2 such information; and

3 “(ii) only to an entity that has fur-
4 nished evidence satisfactory to the State
5 that the entity is a consumer reporting
6 agency (as so defined).”.

7 **SEC. 368. LIENS.**

8 Section 466(a)(4) (42 U.S.C. 666(a)(4)) is amended
9 to read as follows:

10 “(4) LIENS.—Procedures under which—

11 “(A) liens arise by operation of law against
12 real and personal property for amounts of over-
13 due support owed by a noncustodial parent who
14 resides or owns property in the State; and

15 “(B) the State accords full faith and credit
16 to liens described in subparagraph (A) arising
17 in another State, without registration of the un-
18 derlying order.”.

19 **SEC. 369. STATE LAW AUTHORIZING SUSPENSION OF LI-**
20 **CENSES.**

21 Section 466(a) (42 U.S.C. 666(a)), as amended by
22 sections 315, 317(a), 323, and 365 of this Act, is amended
23 by adding at the end the following:

24 “(16) AUTHORITY TO WITHHOLD OR SUSPEND
25 LICENSES.—Procedures under which the State has

1 (and uses in appropriate cases) authority to withhold
2 or suspend, or to restrict the use of driver's licenses,
3 professional and occupational licenses, and rec-
4 reational licenses of individuals owing overdue sup-
5 port or failing, after receiving appropriate notice, to
6 comply with subpoenas or warrants relating to pa-
7 ternity or child support proceedings.”.

8 **SEC. 370. DENIAL OF PASSPORTS FOR NONPAYMENT OF**
9 **CHILD SUPPORT.**

10 (a) HHS CERTIFICATION PROCEDURE.—

11 (1) SECRETARIAL RESPONSIBILITY.—Section
12 452 (42 U.S.C. 652), as amended by section 345 of
13 this Act, is amended by adding at the end the fol-
14 lowing new subsection:

15 “(k)(1) If the Secretary receives a certification by a
16 State agency in accordance with the requirements of sec-
17 tion 454(31) that an individual owes arrearages of child
18 support in an amount exceeding \$5,000, the Secretary
19 shall transmit such certification to the Secretary of State
20 for action (with respect to denial, revocation, or limitation
21 of passports) pursuant to section 370(b) of the Bipartisan
22 Welfare Reform Act of 1996.

23 “(2) The Secretary shall not be liable to an individual
24 for any action with respect to a certification by a State
25 agency under this section.”.

1 (2) STATE CASE AGENCY RESPONSIBILITY.—
2 Section 454 (42 U.S.C. 654), as amended by sec-
3 tions 301(b), 303(a), 312(b), 313(a), 333, and
4 343(b) of this Act, is amended—

5 (A) by striking “and” at the end of para-
6 graph (29);

7 (B) by striking the period at the end of
8 paragraph (30) and inserting “; and”; and

9 (C) by adding after paragraph (30) the fol-
10 lowing new paragraph:

11 “(31) provide that the State agency will have in
12 effect a procedure for certifying to the Secretary, for
13 purposes of the procedure under section 452(k), de-
14 terminations that individuals owe arrearages of child
15 support in an amount exceeding \$5,000, under
16 which procedure—

17 “(A) each individual concerned is afforded
18 notice of such determination and the con-
19 sequences thereof, and an opportunity to con-
20 test the determination; and

21 “(B) the certification by the State agency
22 is furnished to the Secretary in such format,
23 and accompanied by such supporting docu-
24 mentation, as the Secretary may require.”.

1 (b) STATE DEPARTMENT PROCEDURE FOR DENIAL
2 OF PASSPORTS.—

3 (1) IN GENERAL.—The Secretary of State shall,
4 upon certification by the Secretary of Health and
5 Human Services transmitted under section 452(k) of
6 the Social Security Act, refuse to issue a passport to
7 such individual, and may revoke, restrict, or limit a
8 passport issued previously to such individual.

9 (2) LIMIT ON LIABILITY.—The Secretary of
10 State shall not be liable to an individual for any ac-
11 tion with respect to a certification by a State agency
12 under this section.

13 (c) EFFECTIVE DATE.—This section and the amend-
14 ments made by this section shall become effective October
15 1, 1996.

16 **SEC. 371. INTERNATIONAL CHILD SUPPORT ENFORCE-**
17 **MENT.**

18 (a) AUTHORITY FOR INTERNATIONAL AGREE-
19 MENTS.—Part D of title IV, as amended by section 362(a)
20 of this Act, is amended by adding after section 459 the
21 following new section:

22 **“SEC. 459A. INTERNATIONAL CHILD SUPPORT ENFORCE-**
23 **MENT.**

24 **“(a) AUTHORITY FOR DECLARATIONS.—**

1 “(1) DECLARATION.—The Secretary of State,
2 with the concurrence of the Secretary of Health and
3 Human Services, is authorized to declare any foreign
4 country (or a political subdivision thereof) to be a
5 foreign reciprocating country if the foreign country
6 has established, or undertakes to establish, proce-
7 dures for the establishment and enforcement of du-
8 ties of support owed to obligees who are residents of
9 the United States, and such procedures are substan-
10 tially in conformity with the standards prescribed
11 under subsection (b).

12 “(2) REVOCATION.—A declaration with respect
13 to a foreign country made pursuant to paragraph
14 (1) may be revoked if the Secretaries of State and
15 Health and Human Services determine that—

16 “(A) the procedures established by the for-
17 eign nation regarding the establishment and en-
18 forcement of duties of support have been so
19 changed, or the foreign nation’s implementation
20 of such procedures is so unsatisfactory, that
21 such procedures do not meet the criteria for
22 such a declaration; or

23 “(B) continued operation of the declaration
24 is not consistent with the purposes of this part.

1 “(3) FORM OF DECLARATION.—A declaration
2 under paragraph (1) may be made in the form of an
3 international agreement, in connection with an inter-
4 national agreement or corresponding foreign declara-
5 tion, or on a unilateral basis.

6 “(b) STANDARDS FOR FOREIGN SUPPORT ENFORCE-
7 MENT PROCEDURES.—

8 “(1) MANDATORY ELEMENTS.—Child support
9 enforcement procedures of a foreign country which
10 may be the subject of a declaration pursuant to sub-
11 section (a)(1) shall include the following elements:

12 “(A) The foreign country (or political sub-
13 division thereof) has in effect procedures, avail-
14 able to residents of the United States—

15 “(i) for establishment of paternity,
16 and for establishment of orders of support
17 for children and custodial parents; and

18 “(ii) for enforcement of orders to pro-
19 vide support to children and custodial par-
20 ents, including procedures for collection
21 and appropriate distribution of support
22 payments under such orders.

23 “(B) The procedures described in subpara-
24 graph (A), including legal and administrative

1 assistance, are provided to residents of the
2 United States at no cost.

3 “(C) An agency of the foreign country is
4 designated as a Central Authority responsible
5 for—

6 “(i) facilitating child support enforce-
7 ment in cases involving residents of the
8 foreign nation and residents of the United
9 States; and

10 “(ii) ensuring compliance with the
11 standards established pursuant to this sub-
12 section.

13 “(2) ADDITIONAL ELEMENTS.—The Secretary
14 of Health and Human Services and the Secretary of
15 State, in consultation with the States, may establish
16 such additional standards as may be considered nec-
17 essary to further the purposes of this section.

18 “(c) DESIGNATION OF UNITED STATES CENTRAL
19 AUTHORITY.—It shall be the responsibility of the Sec-
20 retary of Health and Human Services to facilitate child
21 support enforcement in cases involving residents of the
22 United States and residents of foreign nations that are
23 the subject of a declaration under this section, by activities
24 including—

1 “(1) development of uniform forms and proce-
2 dures for use in such cases;

3 “(2) notification of foreign reciprocating coun-
4 tries of the State of residence of individuals sought
5 for support enforcement purposes, on the basis of in-
6 formation provided by the Federal Parent Locator
7 Service; and

8 “(3) such other oversight, assistance, and co-
9 ordination activities as the Secretary may find nec-
10 essary and appropriate.

11 “(d) EFFECT ON OTHER LAWS.—States may enter
12 into reciprocal arrangements for the establishment and en-
13 forcement of child support obligations with foreign coun-
14 tries that are not the subject of a declaration pursuant
15 to subsection (a), to the extent consistent with Federal
16 law.”.

17 (b) STATE PLAN REQUIREMENT.—Section 454 (42
18 U.S.C. 654), as amended by sections 301(b), 303(a),
19 312(b), 313(a), 333, 343(b), and 370(a)(2) of this Act,
20 is amended—

21 (1) by striking “and” at the end of paragraph
22 (30);

23 (2) by striking the period at the end of para-
24 graph (31) and inserting “; and”; and

1 (3) by adding after paragraph (31) the follow-
2 ing new paragraph:

3 “(32)(A) provide that any request for services
4 under this part by a foreign reciprocating country or
5 a foreign country with which the State has an ar-
6 rangement described in section 459A(d)(2) shall be
7 treated as a request by a State;

8 “(B) provide, at State option, notwithstanding
9 paragraph (4) or any other provision of this part,
10 for services under the plan for enforcement of a
11 spousal support order not described in paragraph
12 (4)(B) entered by such a country (or subdivision);
13 and

14 “(C) provide that no applications will be re-
15 quired from, and no costs will be assessed for such
16 services against, the foreign reciprocating country or
17 foreign obligee (but costs may at State option be as-
18 sessed against the obligor).”.

19 **SEC. 372. FINANCIAL INSTITUTION DATA MATCHES.**

20 Section 466(a) (42 U.S.C. 666(a)), as amended by
21 sections 315, 317(a), 323, 365, and 369 of this Act, is
22 amended by adding at the end the following new para-
23 graph:

24 “(17) FINANCIAL INSTITUTION DATA
25 MATCHES.—

1 “(A) IN GENERAL.—Procedures under
2 which the State agency shall enter into agree-
3 ments with financial institutions doing business
4 in the State—

5 “(i) to develop and operate, in coordi-
6 nation with such financial institutions, a
7 data match system, using automated data
8 exchanges to the maximum extent feasible,
9 in which each such financial institution is
10 required to provide for each calendar quar-
11 ter the name, record address, social secu-
12 rity number or other taxpayer identifica-
13 tion number, and other identifying infor-
14 mation for each noncustodial parent who
15 maintains an account at such institution
16 and who owes past-due support, as identi-
17 fied by the State by name and social secu-
18 rity number or other taxpayer identifica-
19 tion number; and

20 “(ii) in response to a notice of lien or
21 levy, encumber or surrender, as the case
22 may be, assets held by such institution on
23 behalf of any noncustodial parent who is
24 subject to a child support lien pursuant to
25 paragraph (4).

1 “(B) REASONABLE FEES.—The State
2 agency may pay a reasonable fee to a financial
3 institution for conducting the data match pro-
4 vided for in subparagraph (A)(i), not to exceed
5 the actual costs incurred by such financial insti-
6 tution.

7 “(C) LIABILITY.—A financial institution
8 shall not be liable under any Federal or State
9 law to any person—

10 “(i) for any disclosure of information
11 to the State agency under subparagraph
12 (A)(i);

13 “(ii) for encumbering or surrendering
14 any assets held by such financial institu-
15 tion in response to a notice of lien or levy
16 issued by the State agency as provided for
17 in subparagraph (A)(ii); or

18 “(iii) for any other action taken in
19 good faith to comply with the requirements
20 of subparagraph (A).

21 “(D) DEFINITIONS.—For purposes of this
22 paragraph—

23 “(i) FINANCIAL INSTITUTION.—The
24 term ‘financial institution’ means any Fed-
25 eral or State commercial savings bank, in-

cluding savings association or cooperative bank, Federal- or State-chartered credit union, benefit association, insurance company, safe deposit company, money-market mutual fund, or any similar entity authorized to do business in the State; and

“(ii) ACCOUNT.—The term ‘account’ means a demand deposit account, checking or negotiable withdrawal order account, savings account, time deposit account, or money-market mutual fund account.”.

SEC. 373. ENFORCEMENT OF ORDERS AGAINST PATERNAL OR MATERNAL GRANDPARENTS IN CASES OF MINOR PARENTS.

Section 466(a) (42 U.S.C. 666(a)), as amended by sections 315, 317(a), 323, 365, 369, and 372 of this Act, is amended by adding at the end the following new paragraph:

“(18) ENFORCEMENT OF ORDERS AGAINST PATERNAL OR MATERNAL GRANDPARENTS.—Procedures under which, at the State’s option, any child support order enforced under this part with respect to a child of minor parents, if the custodial parents of such child is receiving assistance under the State program under part A, shall be enforceable, jointly

1 and severally, against the parents of the noncusto-
2 dial parents of such child.”.

3 **SEC. 374. NONDISCHARGEABILITY IN BANKRUPTCY OF**
4 **CERTAIN DEBTS FOR THE SUPPORT OF A**
5 **CHILD.**

6 (a) AMENDMENT TO TITLE 11 OF THE UNITED
7 STATES CODE.—Section 523(a) of title 11, United States
8 Code, is amended—

9 (1) in paragraph (16) by striking the period at
10 the end and inserting “; or”,

11 (2) by adding at the end the following:

12 “(17) to a State or municipality for assistance
13 provided by such State or municipality under a
14 State program funded under section 403 of the So-
15 cial Security Act to the extent that such assistance
16 is provided for the support of a child of the debtor.”,
17 and

18 (3) in paragraph (5), by inserting “ or section
19 408” after “section 402(a)(26).

20 (b) AMENDMENT TO THE SOCIAL SECURITY ACT.—
21 Section 456(b) of the Social Security Act (42 U.S.C.
22 656(b)) is amended to read as follows:

23 “(b) NONDISCHARGEABILITY.—A debt (as defined in
24 section 101 of title 11 of the United States Code) to a
25 State (as defined in such section) or municipality (as de-

1 fined in such section) for assistance provided by such
 2 State or municipality under a State program funded under
 3 section 403 is not dischargeable under section 727, 1141,
 4 1228(a), 1228(b), or 1328(b) of title 11 of the United
 5 States Code to the extent that such assistance is provided
 6 for the support of a child of the debtor (as defined in such
 7 section).”.

8 (c) APPLICATION OF AMENDMENTS.—The amend-
 9 ments made by this section shall apply only with respect
 10 to cases commenced under title 11 of the United States
 11 Code after the effective date of this section.

12 **Subtitle H—Medical Support**

13 **SEC. 376. CORRECTION TO ERISA DEFINITION OF MEDICAL** 14 **CHILD SUPPORT ORDER.**

15 (a) IN GENERAL.—Section 609(a)(2)(B) of the Em-
 16 ployee Retirement Income Security Act of 1974 (29
 17 U.S.C. 1169(a)(2)(B)) is amended—

18 (1) by striking “issued by a court of competent
 19 jurisdiction”;

20 (2) by striking the period at the end of clause
 21 (ii) and inserting a comma; and

22 (3) by adding, after and below clause (ii), the
 23 following:

24 “if such judgment, decree, or order (I) is issued
 25 by a court of competent jurisdiction or (II) is

1 issued through an administrative process estab-
2 lished under State law and has the force and ef-
3 fect of law under applicable State law.”.

4 (b) EFFECTIVE DATE.—

5 (1) IN GENERAL.—The amendments made by
6 this section shall take effect on the date of the en-
7 actment of this Act.

8 (2) PLAN AMENDMENTS NOT REQUIRED UNTIL
9 JANUARY 1, 1997.—Any amendment to a plan re-
10 quired to be made by an amendment made by this
11 section shall not be required to be made before the
12 1st plan year beginning on or after January 1,
13 1997, if—

14 (A) during the period after the date before
15 the date of the enactment of this Act and be-
16 fore such 1st plan year, the plan is operated in
17 accordance with the requirements of the amend-
18 ments made by this section; and

19 (B) such plan amendment applies retro-
20 actively to the period after the date before the
21 date of the enactment of this Act and before
22 such 1st plan year.

23 A plan shall not be treated as failing to be operated
24 in accordance with the provisions of the plan merely

1 because it operates in accordance with this para-
2 graph.

3 **SEC. 377. ENFORCEMENT OF ORDERS FOR HEALTH CARE**
4 **COVERAGE.**

5 Section 466(a) (42 U.S.C. 666(a)), as amended by
6 sections 315, 317(a), 323, 365, 369, 372, and 373 of this
7 Act, is amended by adding at the end the following new
8 paragraph:

9 “(19) HEALTH CARE COVERAGE.—Procedures
10 under which all child support orders enforced pursu-
11 ant to this part shall include a provision for the
12 health care coverage of the child, and in the case in
13 which a noncustodial parent provides such coverage
14 and changes employment, and the new employer pro-
15 vides health care coverage, the State agency shall
16 transfer notice of the provision to the employer,
17 which notice shall operate to enroll the child in the
18 noncustodial parent’s health plan, unless the non-
19 custodial parent contests the notice.”.

1 **Subtitle I—Enhancing Responsibil-**
2 **ity and Opportunity for Non-**
3 **Residential Parents**

4 **SEC. 381. GRANTS TO STATES FOR ACCESS AND VISITA-**
5 **TION PROGRAMS.**

6 Part D of title IV (42 U.S.C. 651–669) is amended
7 by adding at the end the following:

8 **“SEC. 469A. GRANTS TO STATES FOR ACCESS AND VISITA-**
9 **TION PROGRAMS.**

10 “(a) IN GENERAL.—The Administration for Children
11 and Families shall make grants under this section to en-
12 able States to establish and administer programs to sup-
13 port and facilitate noncustodial parents’ access to and visi-
14 tation of their children, by means of activities including
15 mediation (both voluntary and mandatory), counseling,
16 education, development of parenting plans, visitation en-
17 forcement (including monitoring, supervision and neutral
18 drop-off and pickup), and development of guidelines for
19 visitation and alternative custody arrangements.

20 “(b) AMOUNT OF GRANT.—The amount of the grant
21 to be made to a State under this section for a fiscal year
22 shall be an amount equal to the lesser of—

23 “(1) 90 percent of State expenditures during
24 the fiscal year for activities described in subsection
25 (a); or

1 “(2) the allotment of the State under sub-
2 section (c) for the fiscal year.

3 “(c) ALLOTMENTS TO STATES.—

4 “(1) IN GENERAL.—The allotment of a State
5 for a fiscal year is the amount that bears the same
6 ratio to the amount appropriated for grants under
7 this section for the fiscal year as the number of chil-
8 dren in the State living with only 1 biological parent
9 bears to the total number of such children in all
10 States.

11 “(2) MINIMUM ALLOTMENT.—The Administra-
12 tion for Children and Families shall adjust allot-
13 ments to States under paragraph (1) as necessary to
14 ensure that no State is allotted less than—

15 “(A) \$50,000 for fiscal year 1996 or 1997;

16 or

17 “(B) \$100,000 for any succeeding fiscal
18 year.

19 “(d) NO SUPPLANTATION OF STATE EXPENDITURES
20 FOR SIMILAR ACTIVITIES.—A State to which a grant is
21 made under this section may not use the grant to supplant
22 expenditures by the State for activities specified in sub-
23 section (a), but shall use the grant to supplement such
24 expenditures at a level at least equal to the level of such
25 expenditures for fiscal year 1995.

1 “(e) STATE ADMINISTRATION.—Each State to which
2 a grant is made under this section—

3 “(1) may administer State programs funded
4 with the grant, directly or through grants to or con-
5 tracts with courts, local public agencies, or non-prof-
6 it private entities;

7 “(2) shall not be required to operate such pro-
8 grams on a statewide basis; and

9 “(3) shall monitor, evaluate, and report on such
10 programs in accordance with regulations prescribed
11 by the Secretary.”.

12 **Subtitle J—Effect of Enactment**

13 **SEC. 391. EFFECTIVE DATES.**

14 (a) IN GENERAL.—Except as otherwise specifically
15 provided (but subject to subsections (b) and (c))—

16 (1) the provisions of this title requiring the en-
17 actment or amendment of State laws under section
18 466 of the Social Security Act, or revision of State
19 plans under section 454 of such Act, shall be effec-
20 tive with respect to periods beginning on and after
21 October 1, 1996; and

22 (2) all other provisions of this title shall become
23 effective upon the date of the enactment of this Act.

1 (b) GRACE PERIOD FOR STATE LAW CHANGES.—The
2 provisions of this title shall become effective with respect
3 to a State on the later of—

4 (1) the date specified in this title, or

5 (2) the effective date of laws enacted by the leg-
6 islature of such State implementing such provisions,
7 but in no event later than the 1st day of the 1st calendar
8 quarter beginning after the close of the 1st regular session
9 of the State legislature that begins after the date of the
10 enactment of this Act. For purposes of the previous sen-
11 tence, in the case of a State that has a 2-year legislative
12 session, each year of such session shall be deemed to be
13 a separate regular session of the State legislature.

14 (c) GRACE PERIOD FOR STATE CONSTITUTIONAL
15 AMENDMENT.—A State shall not be found out of compli-
16 ance with any requirement enacted by this title if the State
17 is unable to so comply without amending the State con-
18 stitution until the earlier of—

19 (1) 1 year after the effective date of the nec-
20 essary State constitutional amendment; or

21 (2) 5 years after the date of the enactment of
22 this Act.

1 **TITLE IV—RESTRICTING WEL-**
2 **FARE AND PUBLIC BENEFITS**
3 **FOR ALIENS**

4 **SEC. 400. STATEMENTS OF NATIONAL POLICY CONCERN-**
5 **ING WELFARE AND IMMIGRATION.**

6 The Congress makes the following statements con-
7 cerning national policy with respect to welfare and immi-
8 gration:

9 (1) Self-sufficiency has been a basic principle of
10 United States immigration law since this country's
11 earliest immigration statutes.

12 (2) It continues to be the immigration policy of
13 the United States that—

14 (A) aliens within the nation's borders not
15 depend on public resources to meet their needs,
16 but rather rely on their own capabilities and the
17 resources of their families, their sponsors, and
18 private organizations, and

19 (B) the availability of public benefits not
20 constitute an incentive for immigration to the
21 United States.

22 (3) Despite the principle of self-sufficiency,
23 aliens have been applying for and receiving public
24 benefits from Federal, State, and local governments
25 at increasing rates.

1 (4) Current eligibility rules for public assistance
2 and unenforceable financial support agreements have
3 proved wholly incapable of assuring that individual
4 aliens not burden the public benefits system.

5 (5) It is a compelling government interest to
6 enact new rules for eligibility and sponsorship agree-
7 ments in order to assure that aliens be self-reliant
8 in accordance with national immigration policy.

9 (6) It is a compelling government interest to re-
10 move the incentive for illegal immigration provided
11 by the availability of public benefits.

12 (7) With respect to the State authority to make
13 determinations concerning the eligibility of qualified
14 aliens for public benefits in this title, a State that
15 chooses to follow the Federal classification in deter-
16 mining the eligibility of such aliens for public assist-
17 ance shall be considered to have chosen the least re-
18 strictive means available for achieving the compelling
19 governmental interest of assuring that aliens be self-
20 reliant in accordance with national immigration pol-
21 icy.

1 **Subtitle A—Eligibility for Federal**
2 **Benefits**

3 **SEC. 401. ALIENS WHO ARE NOT QUALIFIED ALIENS INELI-**
4 **GIBLE FOR FEDERAL PUBLIC BENEFITS.**

5 (a) IN GENERAL.—Notwithstanding any other provi-
6 sion of law and except as provided in subsection (b), an
7 alien who is not a qualified alien (as defined in section
8 431) is not eligible for any Federal public benefit (as de-
9 fined in subsection (c)).

10 (b) EXCEPTIONS.—

11 (1) Subsection (a) shall not apply with respect
12 to the following Federal public benefits:

13 (A) Emergency medical services under title
14 XIX or XXI of the Social Security Act.

15 (B) Short-term, non-cash, in-kind emer-
16 gency disaster relief.

17 (C)(i) Public health assistance for immuni-
18 zations.

19 (ii) Public health assistance for testing and
20 treatment of a serious communicable disease if
21 the Secretary of Health and Human Services
22 determines that it is necessary to prevent the
23 spread of such disease.

24 (D) Programs, services, or assistance (such
25 as soup kitchens, crisis counseling and interven-

tion, and short-term shelter) specified by the Attorney General, in the Attorney General's sole and unreviewable discretion after consultation with appropriate Federal agencies and departments, which (i) deliver in-kind services at the community level, including through public or private nonprofit agencies; (ii) do not condition the provision of assistance, the amount of assistance provided, or the cost of assistance provided on the individual recipient's income or resources; and (iii) are necessary for the protection of life or safety.

(E) Programs for housing or community development assistance or financial assistance administered by the Secretary of Housing and Urban Development, any program under title V of the Housing Act of 1949, or any assistance under section 306C of the Consolidated Farm and Rural Development Act, to the extent that the alien is receiving such a benefit on the date of the enactment of this Act.

(F) Assistance or benefits under the National School Lunch Act or the Child Nutrition Act of 1966.

1 (2) Subsection (a) shall not apply to any benefit
2 payable under title II of the Social Security Act to
3 an alien who is lawfully present in the United States
4 as determined by the Attorney General, to any bene-
5 fit if nonpayment of such benefit would contravene
6 an international agreement described in section 233
7 of the Social Security Act, to any benefit if nonpay-
8 ment would be contrary to section 202(t) of the So-
9 cial Security Act, or to any benefit payable under
10 title II of the Social Security Act to which entitle-
11 ment is based on an application filed in or before the
12 month in which this Act becomes law.

13 (3) Subsection (a) shall not apply—

14 (A) for up to 48 months if the alien can
15 demonstrate that (i) the alien has been battered
16 or subject to extreme cruelty in the United
17 States by a spouse or parent, or by a member
18 of the spouse or parent's family residing in the
19 same household as the alien and the spouse or
20 parent consented or acquiesced to such battery
21 or cruelty, or (ii) the alien's child has been bat-
22 tered or subject to extreme cruelty in the Unit-
23 ed States by a spouse or parent of the alien
24 (without the active participation of the alien in
25 the battery or extreme cruelty), or by a member

1 of the spouse or parent's family residing in the
2 same household as the alien when the spouse or
3 parent consented or acquiesced to and the alien
4 did not actively participate in such battery or
5 cruelty, and (iii) the need for the public benefits
6 applied for has a substantial connection to the
7 battery or cruelty described in subclause (I) or
8 (II); and

9 (B) for more than 48 months if the alien
10 can demonstrate that any battery or cruelty
11 under subparagraph (A) is ongoing, has led to
12 the issuance of an order of a judge or an ad-
13 ministrative law judge or a prior determination
14 of the Service, and that the need for such bene-
15 fits has a substantial connection to such battery
16 or cruelty.

17 (c) FEDERAL PUBLIC BENEFIT DEFINED.—

18 (1) Except as provided in paragraph (2), for
19 purposes of this title the term “Federal public bene-
20 fit” means—

21 (A) any grant, contract, loan, professional
22 license, or commercial license provided by an
23 agency of the United States or by appropriated
24 funds of the United States; and

1 (B) any retirement, welfare, health, dis-
2 ability, public or assisted housing, post-second-
3 ary education, food assistance, unemployment
4 benefit, or any other similar benefit for which
5 payments or assistance are provided to an indi-
6 vidual, household, or family eligibility unit by
7 an agency of the United States or by appro-
8 priated funds of the United States.

9 (2) Such term shall not apply—

10 (A) to any contract, professional license, or
11 commercial license for a nonimmigrant whose
12 visa for entry is related to such employment in
13 the United States; or

14 (B) with respect to benefits for an alien
15 who as a work authorized nonimmigrant or as
16 an alien lawfully admitted for permanent resi-
17 dence under the Immigration and Nationality
18 Act qualified for such benefits and for whom
19 the United States under reciprocal treaty agree-
20 ments is required to pay benefits, as determined
21 by the Attorney General, after consultation with
22 the Secretary of State.

1 **SEC. 402. LIMITED ELIGIBILITY OF CERTAIN QUALIFIED**
2 **ALIENS FOR CERTAIN FEDERAL PROGRAMS.**

3 (a) LIMITED ELIGIBILITY FOR SPECIFIED FEDERAL
4 PROGRAMS.—

5 (1) IN GENERAL.—Notwithstanding any other
6 provision of law and except as provided in paragraph
7 (2), an alien who is a qualified alien (as defined in
8 section 431) is not eligible for any specified Federal
9 program (as defined in paragraph (3)).

10 (2) EXCEPTIONS.—

11 (A) TIME-LIMITED EXCEPTION FOR REFU-
12 GEES AND ASYLEES.—Paragraph (1) shall not
13 apply to an alien until 5 years after the date—

14 (i) an alien is admitted to the United
15 States as a refugee under section 207 of
16 the Immigration and Nationality Act;

17 (ii) an alien is granted asylum under
18 section 208 of such Act; or

19 (iii) an alien's deportation is withheld
20 under section 243(h) of such Act.

21 (B) CERTAIN PERMANENT RESIDENT
22 ALIENS.—Paragraph (1) shall not apply to an
23 alien who—

24 (i) is lawfully admitted to the United
25 States for permanent residence under the
26 Immigration and Nationality Act; and

1 (ii)(I) has worked 20 qualifying quar-
2 ters of coverage as defined under title II of
3 the Social Security Act or can be credited
4 with such qualifying quarters as provided
5 under section 435, and (II) did not receive
6 any Federal means-tested public benefit
7 (as defined in section 403(c)) during any
8 such quarter.

9 (C) VETERAN AND ACTIVE DUTY EXCEP-
10 TION.—Paragraph (1) shall not apply to an
11 alien who is lawfully residing in any State and
12 is—

13 (i) a veteran (as defined in section
14 101 of title 38, United States Code) with
15 a discharge characterized as an honorable
16 discharge and not on account of alienage,

17 (ii) on active duty (other than active
18 duty for training) in the Armed Forces of
19 the United States, or

20 (iii) the spouse or unmarried depend-
21 ent child of an individual described in
22 clause (i) or (ii).

23 (D) TRANSITION FOR ALIENS CURRENTLY
24 RECEIVING BENEFITS.—

25 (i) SSI.—

1 (I) IN GENERAL.—With respect
2 to the specified Federal program de-
3 scribed in paragraph (3)(A), during
4 the period beginning on the date of
5 the enactment of this Act and ending
6 on the date which is 1 year after such
7 date of enactment, the Commissioner
8 of Social Security shall redetermine
9 the eligibility of any individual who is
10 receiving benefits under such program
11 as of the date of the enactment of this
12 Act and whose eligibility for such ben-
13 efits may terminate by reason of the
14 provisions of this subsection.

15 (II) REDETERMINATION CRI-
16 TERIA.— With respect to any redeter-
17 mination under subclause (I), the
18 Commissioner of Social Security shall
19 apply the eligibility criteria for new
20 applicants for benefits under such
21 program.

22 (III) GRANDFATHER PROVI-
23 SION.—The provisions of this sub-
24 section and the redetermination under
25 subclause (I), shall only apply with re-

1 spect to the benefits of an individual
2 described in subclause (I) for months
3 beginning on or after the date of the
4 redetermination with respect to such
5 individual.

6 (IV) NOTICE.—Not later than
7 January 1, 1997, the Commissioner of
8 Social Security shall notify an individ-
9 ual described in subclause (I) of the
10 provisions of this clause.

11 (ii) FOOD STAMPS.—

12 (I) IN GENERAL.—With respect
13 to the specified Federal program de-
14 scribed in paragraph (3)(B), during
15 the period beginning on the date of
16 enactment of this Act and ending on
17 the date which is 1 year after the date
18 of enactment, the State agency shall,
19 at the time of the recertification, re-
20 certify the eligibility of any individual
21 who is receiving benefits under such
22 program as of the date of enactment
23 of this Act and whose eligibility for
24 such benefits may terminate by reason
25 of the provisions of this subsection.

1 (II) RECERTIFICATION CRI-
2 TERIA.—With respect to any recertifi-
3 cation under subclause (I), the State
4 agency shall apply the eligibility cri-
5 teria for applicants for benefits under
6 such program.

7 (III) GRANDFATHER PROVI-
8 SION.—The provisions of this sub-
9 section and the recertification under
10 subclause (I) shall only apply with re-
11 spect to the eligibility of an alien for
12 a program for months beginning on or
13 after the date of recertification, if on
14 the date of enactment of this Act the
15 alien is lawfully residing in any State
16 and is receiving benefits under such
17 program on such date of enactment.

18 (E) FICA EXCEPTION.—Paragraph (1)
19 shall not apply to an alien if there has been
20 paid with respect to the self-employment income
21 or employment of the alien, or of a parent or
22 spouse of the alien, taxes under chapter 2 or
23 chapter 21 of the Internal Revenue Code of
24 1986 in each of 20 different calendar quarters.

1 (F) EXCEPTION FOR BATTERED WOMEN
2 AND CHILDREN.—Paragraph (1) shall not
3 apply—

4 (i) for up to 48 months if the alien
5 can demonstrate that (I) the alien has
6 been battered or subject to extreme cruelty
7 in the United States by a spouse or parent,
8 or by a member of the spouse or parent's
9 family residing in the same household as
10 the alien and the spouse or parent con-
11 sented or acquiesced to such battery or
12 cruelty, or (II) the alien's child has been
13 battered or subject to extreme cruelty in
14 the United States by a spouse or parent of
15 the alien (without the active participation
16 of the alien in the battery or extreme cru-
17 elty), or by a member of the spouse or par-
18 ent's family residing in the same household
19 as the alien when the spouse or parent
20 consented or acquiesced to and the alien
21 did not actively participate in such battery
22 or cruelty, and (III) the need for the public
23 benefits applied for has a substantial con-
24 nection to the battery or cruelty described
25 in this clause; and

1 (ii) for more than 48 months if the
2 alien can demonstrate that any battery or
3 cruelty under clause (i) is ongoing, has led
4 to the issuance of an order of a judge or
5 an administrative law judge or a prior de-
6 termination of the Service, and that need
7 for such benefits has a substantial connec-
8 tion to such battery or cruelty.

9 (G) SSI DISABILITY EXCEPTION.—Para-
10 graph (1) shall not apply to an alien who has
11 not attained 18 years of age and is eligible by
12 reason of disability for supplemental security
13 income benefits under title XVI of the Social
14 Security Act.

15 (H) FOOD STAMP EXCEPTION FOR CHIL-
16 DREN.—Paragraph (1) shall not apply to the
17 eligibility of an alien who has not attained 18
18 years of age for the food stamp program under
19 paragraph (3)(B).

20 (3) SPECIFIED FEDERAL PROGRAM DEFINED.—
21 For purposes of this title, the term “specified Fed-
22 eral program” means any of the following:

23 (A) SSI.—The supplemental security in-
24 come program under title XVI of the Social Se-
25 curity Act.

1 (B) FOOD STAMPS.—The food stamp pro-
2 gram as defined in section 3(h) of the Food
3 Stamp Act of 1977.

4 (b) LIMITED ELIGIBILITY FOR DESIGNATED FED-
5 ERAL PROGRAMS.—

6 (1) IN GENERAL.—Notwithstanding any other
7 provision of law and except as provided in section
8 403 and paragraph (2), a State is authorized to de-
9 termine the eligibility of an alien who is a qualified
10 alien (as defined in section 431) for any designated
11 Federal program (as defined in paragraph (3)).

12 (2) EXCEPTIONS.—Qualified aliens under this
13 paragraph shall be eligible for any designated Fed-
14 eral program.

15 (A) TIME-LIMITED EXCEPTION FOR REFU-
16 GEES AND ASYLEES.—

17 (i) An alien who is admitted to the
18 United States as a refugee under section
19 207 of the Immigration and Nationality
20 Act until 5 years after the date of an
21 alien's entry into the United States.

22 (ii) An alien who is granted asylum
23 under section 208 of such Act until 5 years
24 after the date of such grant of asylum.

1 (iii) An alien whose deportation is
2 being withheld under section 243(h) of
3 such Act until 5 years after such withhold-
4 ing.

5 (B) CERTAIN PERMANENT RESIDENT
6 ALIENS.—An alien who—

7 (i) is lawfully admitted to the United
8 States for permanent residence under the
9 Immigration and Nationality Act; and

10 (ii)(I) has worked 20 qualifying quar-
11 ters of coverage as defined under title II of
12 the Social Security Act or can be credited
13 with such qualifying quarters as provided
14 under section 435, and (II) did not receive
15 any Federal means-tested public benefit
16 (as defined in section 403(c)) during any
17 such quarter.

18 (C) VETERAN AND ACTIVE DUTY EXCEP-
19 TION.—An alien who is lawfully residing in any
20 State and is—

21 (i) a veteran (as defined in section
22 101 of title 38, United States Code) with
23 a discharge characterized as an honorable
24 discharge and not on account of alienage,

1 (ii) on active duty (other than active
2 duty for training) in the Armed Forces of
3 the United States, or

4 (iii) the spouse or unmarried depend-
5 ent child of an individual described in
6 clause (i) or (ii).

7 (D) TRANSITION FOR THOSE CURRENTLY
8 RECEIVING BENEFITS.—An alien who on the
9 date of the enactment of this Act is lawfully re-
10 siding in any State and is receiving benefits
11 under such program on the date of the enact-
12 ment of this Act shall continue to be eligible to
13 receive such benefits until January 1, 1997.

14 (E) FICA EXCEPTION.—Paragraph (1)
15 shall not apply to an alien if there has been
16 paid with respect to the self-employment income
17 or employment of the alien, or of a parent or
18 spouse of the alien, taxes under chapter 2 or
19 chapter 21 of the Internal Revenue Code of
20 1986 in each of 20 different calendar quarters.

21 (F) TIME-LIMITED EXCEPTION FOR BAT-
22 TERED WOMEN AND CHILDREN.—Paragraph
23 (1) shall not apply—

24 (i) for up to 48 months if the alien
25 can demonstrate that (I) the alien has

1 been battered or subject to extreme cruelty
2 in the United States by a spouse or parent,
3 or by a member of the spouse or parent's
4 family residing in the same household as
5 the alien and the spouse or parent con-
6 sented or acquiesced to such battery or
7 cruelty, or (II) the alien's child has been
8 battered or subject to extreme cruelty in
9 the United States by a spouse or parent of
10 the alien (without the active participation
11 of the alien in the battery or extreme cru-
12 elty), or by a member of the spouse or par-
13 ent's family residing in the same household
14 as the alien when the spouse or parent
15 consented or acquiesced to and the alien
16 did not actively participate in such battery
17 or cruelty, and (III) the need for the public
18 benefits applied for has a substantial con-
19 nection to the battery or cruelty described
20 in subclause (I) or (II); and

21 (ii) for more than 48 months if the
22 alien can demonstrate that any battery or
23 cruelty under clause (i) is ongoing, has led
24 to the issuance of an order of a judge or
25 an administrative law judge or a prior de-

1 termination of the Service, and that the
2 need for such benefits has a substantial
3 connection to such battery or cruelty.

4 (G) SSI DISABILITY EXCEPTION.—Para-
5 graph (1) shall not apply to an alien who has
6 not attained 18 years of age and is eligible by
7 reason of disability for supplemental security
8 income benefits under title XVI of the Social
9 Security Act.

10 (3) DESIGNATED FEDERAL PROGRAM DE-
11 FINED.—For purposes of this title, the term “des-
12 ignated Federal program” means any of the follow-
13 ing:

14 (A) TEMPORARY ASSISTANCE FOR NEEDY
15 FAMILIES.—The program of block grants to
16 States for temporary assistance for needy fami-
17 lies under part A of title IV of the Social Secu-
18 rity Act.

19 (B) SOCIAL SERVICES BLOCK GRANT.—
20 The program of block grants to States for so-
21 cial services under title XX of the Social Secu-
22 rity Act.

1 **SEC. 403. FIVE-YEAR LIMITED ELIGIBILITY OF QUALIFIED**
2 **ALIENS FOR FEDERAL MEANS-TESTED PUB-**
3 **LIC BENEFIT.**

4 (a) IN GENERAL.—Notwithstanding any other provi-
5 sion of law and except as provided in subsection (b), an
6 alien who is a qualified alien (as defined in section 431)
7 and who enters the United States on or after the date
8 of the enactment of this Act is not eligible for any Federal
9 means-tested public benefit (as defined in subsection (c))
10 for a period of five years beginning on the date of the
11 alien’s entry into the United States with a status within
12 the meaning of the term “qualified alien”.

13 (b) EXCEPTIONS.—The limitation under subsection
14 (a) shall not apply to the following aliens:

15 (1) EXCEPTION FOR REFUGEES AND
16 ASYLEES.—

17 (A) An alien who is admitted to the United
18 States as a refugee under section 207 of the
19 Immigration and Nationality Act.

20 (B) An alien who is granted asylum under
21 section 208 of such Act.

22 (C) An alien whose deportation is being
23 withheld under section 243(h) of such Act.

24 (2) VETERAN AND ACTIVE DUTY EXCEPTION.—
25 An alien who is lawfully residing in any State and
26 is—

1 (A) a veteran (as defined in section 101 of
2 title 38, United States Code) with a discharge
3 characterized as an honorable discharge and not
4 on account of alienage,

5 (B) on active duty (other than active duty
6 for training) in the Armed Forces of the United
7 States, or

8 (C) the spouse or unmarried dependent
9 child of an individual described in subparagraph
10 (A) or (B).

11 (3) FICA EXCEPTION.—An alien if there has
12 been paid with respect to the self-employment in-
13 come or employment of the alien, or of a parent or
14 spouse of the alien, taxes under chapter 2 or chapter
15 21 of the Internal Revenue Code of 1986 in each of
16 20 different calendar quarters.

17 (4) EXCEPTION FOR BATTERED WOMEN AND
18 CHILDREN.—An alien—

19 (A) for up to 48 months if the alien can
20 demonstrate that (i) the alien has been battered
21 or subject to extreme cruelty in the United
22 States by a spouse or parent, or by a member
23 of the spouse or parent's family residing in the
24 same household as the alien and the spouse or
25 parent consented or acquiesced to such battery

1 or cruelty, or (ii) the alien's child has been bat-
2 tered or subject to extreme cruelty in the Unit-
3 ed States by a spouse or parent of the alien
4 (without the active participation of the alien in
5 the battery or extreme cruelty), or by a member
6 of the spouse or parent's family residing in the
7 same household as the alien when the spouse or
8 parent consented or acquiesced to and the alien
9 did not actively participate in such battery or
10 cruelty, and (iii) the need for the public benefits
11 applied for has a substantial connection to the
12 battery or cruelty described in clause (i) or (ii);
13 and

14 (B) for more than 48 months if the alien
15 can demonstrate that any battery or cruelty
16 under subparagraph (A) is ongoing, has led to
17 the issuance of an order of a judge or an ad-
18 ministrative law judge or a prior determination
19 of the Service, and that need for such benefits
20 has a substantial connection to such battery or
21 cruelty.

22 (5) SSI DISABILITY EXCEPTION.—An alien who
23 has not attained 18 years of age and is eligible by
24 reason of disability for supplemental security income
25 benefits under title XVI of the Social Security Act.

1 (6) FOOD STAMP EXCEPTION FOR CHILDREN.—

2 An alien who has not attained 18 years of age only
3 for purposes of eligibility for the food stamp pro-
4 gram as defined in section 3(h) of the Food Stamp
5 Act of 1977.

6 (c) FEDERAL MEANS-TESTED PUBLIC BENEFIT DE-
7 FINED.—

8 (1) Except as provided in paragraph (2), for
9 purposes of this title, the term “Federal means-test-
10 ed public benefit” means a public benefit (including
11 cash, medical, housing, and food assistance and so-
12 cial services) of the Federal Government in which
13 the eligibility of an individual, household, or family
14 eligibility unit for benefits, or the amount of such
15 benefits, or both are determined on the basis of in-
16 come, resources, or financial need of the individual,
17 household, or unit.

18 (2) Such term does not include the following:

19 (A) Emergency medical services under title
20 XIX or XXI of the Social Security Act.

21 (B) Short-term, non-cash, in-kind emer-
22 gency disaster relief.

23 (C) Assistance or benefits under the Na-
24 tional School Lunch Act.

1 (D) Assistance or benefits under the Child
2 Nutrition Act of 1966.

3 (E)(i) Public health assistance for immuni-
4 zations.

5 (ii) Public health assistance for testing and
6 treatment of a serious communicable disease if
7 the Secretary of Health and Human Services
8 determines that it is necessary to prevent the
9 spread of such disease.

10 (F) Payments for foster care and adoption
11 assistance under part B of title IV of the Social
12 Security Act for a child who would, in the ab-
13 sence of subsection (a), be eligible to have such
14 payments made on the child's behalf under such
15 part, but only if the foster or adoptive parent
16 or parents of such child are not described under
17 subsection (a).

18 (G) Programs, services, or assistance (such
19 as soup kitchens, crisis counseling and interven-
20 tion, and short-term shelter) specified by the
21 Attorney General, in the Attorney General's
22 sole and unreviewable discretion after consulta-
23 tion with appropriate Federal agencies and de-
24 partments, which (i) deliver in-kind services at
25 the community level, including through public

1 or private nonprofit agencies; (ii) do not condi-
2 tion the provision of assistance, the amount of
3 assistance provided, or the cost of assistance
4 provided on the individual recipient's income or
5 resources; and (iii) are necessary for the protec-
6 tion of life or safety.

7 (H) Programs of student assistance under
8 titles IV, V, IX, and X of the Higher Education
9 Act of 1965.

10 (I) Means-tested programs under the Ele-
11 mentary and Secondary Education Act of 1965.

12 (J) The program of medical assistance
13 under title XIX and title XXI of the Social Se-
14 curity Act.

15 **SEC. 404. NOTIFICATION AND INFORMATION REPORTING.**

16 (a) NOTIFICATION.—Each Federal agency that ad-
17 ministers a program to which section 401, 402, or 403
18 applies shall, directly or through the States, post informa-
19 tion and provide general notification to the public and to
20 program recipients of the changes regarding eligibility for
21 any such program pursuant to this title.

22 (b) INFORMATION REPORTING UNDER TITLE IV OF
23 THE SOCIAL SECURITY ACT.—Part A of title IV of the
24 Social Security Act is amended by inserting the following
25 new section after section 411:

1 **“SEC. 411A. STATE REQUIRED TO PROVIDE CERTAIN INFOR-**
2 **MATION.**

3 “Each State to which a grant is made under section
4 403 of the Social Security Act shall, at least 4 times annu-
5 ally and upon request of the Immigration and Naturaliza-
6 tion Service, furnish the Immigration and Naturalization
7 Service with the name and address of, and other identify-
8 ing information on, any individual who the State knows
9 is unlawfully in the United States.”.

10 (c) SSI.—Section 1631(e) of such Act (42 U.S.C.
11 1383(e)) is amended—

12 (1) by redesignating paragraphs (6) and (7) in-
13 serted by sections 206(d)(2) and 206(f)(1) of the
14 Social Security Independence and Programs Im-
15 provement Act of 1994 (Public Law 103–296; 108
16 Stat. 1514, 1515) as paragraphs (7) and (8), re-
17 spectively; and

18 (2) by adding at the end the following new
19 paragraph:

20 “(9) Notwithstanding any other provision of
21 law, the Commissioner shall, at least 4 times annu-
22 ally and upon request of the Immigration and Natu-
23 ralization Service (hereafter in this paragraph re-
24 ferred to as the ‘Service’), furnish the Service with
25 the name and address of, and other identifying in-
26 formation on, any individual who the Commissioner

1 knows is unlawfully in the United States, and shall
2 ensure that each agreement entered into under sec-
3 tion 1616(a) with a State provides that the State
4 shall furnish such information at such times with re-
5 spect to any individual who the State knows is un-
6 lawfully in the United States.”.

7 (d) INFORMATION REPORTING FOR HOUSING PRO-
8 GRAMS.—Title I of the United States Housing Act of 1937
9 (42 U.S.C. 1437 et seq.), as amended by this Act, is fur-
10 ther amended by adding at the end the following new sec-
11 tion:

12 **“SEC. 28. PROVISION OF INFORMATION TO LAW ENFORCE-**
13 **MENT AND OTHER AGENCIES.**

14 “Notwithstanding any other provision of law, the Sec-
15 retary shall, at least 4 times annually and upon request
16 of the Immigration and Naturalization Service (hereafter
17 in this section referred to as the ‘Service’), furnish the
18 Service with the name and address of, and other identify-
19 ing information on, any individual who the Secretary
20 knows is unlawfully in the United States, and shall ensure
21 that each contract for assistance entered into under sec-
22 tion 6 or 8 of this Act with a public housing agency pro-
23 vides that the public housing agency shall furnish such
24 information at such times with respect to any individual

1 who the public housing agency knows is unlawfully in the
2 United States.”.

3 **Subtitle B—Eligibility for State**
4 **and Local Public Benefits Pro-**
5 **grams**

6 **SEC. 411. ALIENS WHO ARE NOT QUALIFIED ALIENS OR**
7 **NONIMMIGRANTS INELIGIBLE FOR STATE**
8 **AND LOCAL PUBLIC BENEFITS.**

9 (a) IN GENERAL.—Notwithstanding any other provi-
10 sion of law and except as provided in subsections (b) and
11 (d), an alien who is not described under a paragraph of
12 this subsection is not eligible for any State or local public
13 benefit (as defined in subsection (c)):

14 (1) A qualified alien (as defined in section 431).

15 (2) A nonimmigrant under the Immigration and
16 Nationality Act.

17 (3) An alien who is paroled into the United
18 States under section 212(d)(5) of such Act for less
19 than one year.

20 (4) An alien—

21 (A) for up to 48 months if the alien can
22 demonstrate that (i) the alien has been battered
23 or subject to extreme cruelty in the United
24 States by a spouse or parent, or by a member
25 of the spouse or parent’s family residing in the

1 same household as the alien and the spouse or
2 parent consented or acquiesced to such battery
3 or cruelty, or (ii) the alien's child has been bat-
4 tered or subject to extreme cruelty in the Unit-
5 ed States by a spouse or parent of the alien
6 (without the active participation of the alien in
7 the battery or extreme cruelty), or by a member
8 of the spouse or parent's family residing in the
9 same household as the alien when the spouse or
10 parent consented or acquiesced to and the alien
11 did not actively participate in such battery or
12 cruelty, and (iii) the need for the public benefits
13 applied for has a substantial connection to the
14 battery or cruelty described in clause (i) or (ii),
15 and

16 (B) for more than 48 months if the alien
17 can demonstrate that any battery or cruelty
18 under subparagraph (A) is ongoing, has led to
19 the issuance of an order of a judge or an ad-
20 ministrative law judge or a prior determination
21 of the Service, and that the need for such bene-
22 fits has a substantial connection to such battery
23 or cruelty.

24 (b) EXCEPTIONS.—Subsection (a) shall not apply
25 with respect to the following State or local public benefits:

1 (1) Emergency medical services under title XIX
2 or XXI of the Social Security Act.

3 (2) Short-term, noncash, in-kind emergency dis-
4 aster relief.

5 (3)(A) Public health assistance for immuniza-
6 tions.

7 (B) Public health assistance for testing and
8 treatment of a serious communicable disease if the
9 Secretary of Health and Human Services determines
10 that it is necessary to prevent the spread of such
11 disease.

12 (4) Programs, services, or assistance (such as
13 soup kitchens, crisis counseling and intervention,
14 and short-term shelter) specified by the Attorney
15 General, in the Attorney General's sole and
16 unreviewable discretion after consultation with ap-
17 propriate Federal agencies and departments, which
18 (A) deliver in-kind services at the community level,
19 including through public or private nonprofit agen-
20 cies; (B) do not condition the provision of assistance,
21 the amount of assistance provided, or the cost of as-
22 sistance provided on the individual recipient's in-
23 come or resources; and (C) are necessary for the
24 protection of life or safety.

25 (c) STATE OR LOCAL PUBLIC BENEFIT DEFINED.—

1 (1) Except as provided in paragraph (2), for
2 purposes of this subtitle the term “State or local
3 public benefit” means—

4 (A) any grant, contract, loan, professional
5 license, or commercial license provided by an
6 agency of a State or local government or by ap-
7 propriated funds of a State or local govern-
8 ment; and

9 (B) any retirement, welfare, health, dis-
10 ability, public or assisted housing, post-second-
11 ary education, food assistance, unemployment
12 benefit, or any other similar benefit for which
13 payments or assistance are provided to an indi-
14 vidual, household, or family eligibility unit by
15 an agency of a State or local government or by
16 appropriated funds of a State or local govern-
17 ment.

18 (2) Such term shall not apply—

19 (A) to any contract, professional license, or
20 commercial license for a nonimmigrant whose
21 visa for entry is related to such employment in
22 the United States; or

23 (B) with respect to benefits for an alien
24 who as a work authorized nonimmigrant or as
25 an alien lawfully admitted for permanent resi-

1 dence under the Immigration and Nationality
2 Act qualified for such benefits and for whom
3 the United States under reciprocal treaty agree-
4 ments is required to pay benefits, as determined
5 by the Secretary of State, after consultation
6 with the Attorney General.

7 (d) STATE AUTHORITY TO PROVIDE FOR ELIGI-
8 BILITY OF ILLEGAL ALIENS FOR STATE AND LOCAL PUB-
9 LIC BENEFITS.—A State may provide that an alien who
10 is not lawfully present in the United States is eligible for
11 any State or local public benefit for which such alien would
12 otherwise be ineligible under subsection (a) only through
13 the enactment of a State law after the date of the enact-
14 ment of this Act which affirmatively provides for such eli-
15 gibility.

16 **SEC. 412. STATE AUTHORITY TO LIMIT ELIGIBILITY OF**
17 **QUALIFIED ALIENS FOR STATE PUBLIC BENE-**
18 **FITS.**

19 (a) IN GENERAL.—Notwithstanding any other provi-
20 sion of law and except as provided in subsection (b), a
21 State is authorized to determine the eligibility for any
22 State public benefits (as defined in subsection (c) of an
23 alien who is a qualified alien (as defined in section 431),
24 a nonimmigrant under the Immigration and Nationality

1 Act, or an alien who is paroled into the United States
2 under section 212(d)(5) of such Act for less than one year.

3 (b) EXCEPTIONS.—Qualified aliens under this sub-
4 section shall be eligible for any State public benefits.

5 (1) TIME-LIMITED EXCEPTION FOR REFUGEES
6 AND ASYLEES.—

7 (A) An alien who is admitted to the United
8 States as a refugee under section 207 of the
9 Immigration and Nationality Act until 5 years
10 after the date of an alien's entry into the Unit-
11 ed States.

12 (B) An alien who is granted asylum under
13 section 208 of such Act until 5 years after the
14 date of such grant of asylum.

15 (C) An alien whose deportation is being
16 withheld under section 243(h) of such Act until
17 5 years after such withholding.

18 (2) CERTAIN PERMANENT RESIDENT ALIENS.—

19 An alien who—

20 (A) is lawfully admitted to the United
21 States for permanent residence under the Im-
22 migration and Nationality Act; and

23 (B)(i) has worked 20 qualifying quarters
24 of coverage as defined under title II of the So-
25 cial Security Act or can be credited with such

1 qualifying quarters as provided under section
2 435, and (ii) did not receive any Federal
3 means-tested public benefit (as defined in sec-
4 tion 403(c)) during any such quarter.

5 (3) VETERAN AND ACTIVE DUTY EXCEPTION.—

6 An alien who is lawfully residing in any State and
7 is—

8 (A) a veteran (as defined in section 101 of
9 title 38, United States Code) with a discharge
10 characterized as an honorable discharge and not
11 on account of alienage,

12 (B) on active duty (other than active duty
13 for training) in the Armed Forces of the United
14 States, or

15 (C) the spouse or unmarried dependent
16 child of an individual described in subparagraph
17 (A) or (B).

18 (4) TRANSITION FOR THOSE CURRENTLY RE-
19 CEIVING BENEFITS.—An alien who on the date of
20 the enactment of this Act is lawfully residing in any
21 State and is receiving benefits on the date of the en-
22 actment of this Act shall continue to be eligible to
23 receive such benefits until January 1, 1997.

24 (5) EXCEPTION FOR BATTERED WOMEN AND
25 CHILDREN.—An alien—

1 (A) for up to 48 months if the alien can
2 demonstrate that (i) the alien has been battered
3 or subject to extreme cruelty in the United
4 States by a spouse or parent, or by a member
5 of the spouse or parent's family residing in the
6 same household as the alien and the spouse or
7 parent consented or acquiesced to such battery
8 or cruelty, or (ii) the alien's child has been bat-
9 tered or subject to extreme cruelty in the Unit-
10 ed States by a spouse or parent of the alien
11 (without the active participation of the alien in
12 the battery or extreme cruelty), or by a member
13 of the spouse or parent's family residing in the
14 same household as the alien when the spouse or
15 parent consented or acquiesced to and the alien
16 did not actively participate in such battery or
17 cruelty, and (iii) the need for the public benefits
18 applied for has a substantial connection to the
19 battery or cruelty described in clause (i) or (ii);
20 and

21 (B) for more than 48 months if the alien
22 can demonstrate that any battery or cruelty
23 under subparagraph (A) is ongoing, has led to
24 the issuance of an order of a judge or an ad-
25 ministrative law judge or a prior determination

1 of the Service, and that the need for such bene-
 2 fits has a substantial connection to such battery
 3 or cruelty.

4 (c) STATE PUBLIC BENEFITS DEFINED.—The term
 5 “State public benefits” means any means-tested public
 6 benefit of a State or political subdivision of a State under
 7 which the State or political subdivision specifies the stand-
 8 ards for eligibility, and does not include any Federal public
 9 benefit.

10 **Subtitle C—Attribution of Income** 11 **and Affidavits of Support**

12 **SEC. 421. FEDERAL ATTRIBUTION OF SPONSOR'S INCOME** 13 **AND RESOURCES TO ALIEN FOR PURPOSES** 14 **OF MEDICAID ELIGIBILITY.**

15 (a) IN GENERAL.—Notwithstanding any other provi-
 16 sion of law, in determining the eligibility and the amount
 17 of benefits of an alien (other than an alien who has not
 18 attained 18 years of age or an alien who is pregnant) for
 19 the program of medical assistance under title XIX and
 20 title XXI of the Social Security Act, the income and re-
 21 sources of the alien shall be deemed to include the follow-
 22 ing:

23 (1) The income and resources of any person
 24 who executed an affidavit of support pursuant to
 25 section 213A of the Immigration and Nationality

1 Act (as added by section 423) on behalf of such
2 alien.

3 (2) The income and resources of the spouse (if
4 any) of the person.

5 (b) APPLICATION.—Subsection (a) shall apply with
6 respect to an alien (other than an alien who has not at-
7 tained 18 years of age or an alien who is pregnant) until
8 such time as the alien—

9 (1) achieves United States citizenship through
10 naturalization pursuant to chapter 2 of title III of
11 the Immigration and Nationality Act; or

12 (2)(A) has worked 20 qualifying quarters of
13 coverage as defined under title II of the Social Secu-
14 rity Act or can be credited with such qualifying
15 quarters as provided under section 435, and (B) did
16 not receive any Federal means-tested public benefit
17 (as defined in section 403(c)) during any such quar-
18 ter.

19 (c) REVIEW OF INCOME AND RESOURCES OF ALIEN
20 UPON REAPPLICATION.—Whenever an alien (other than
21 an alien who has not attained 18 years of age or an alien
22 who is pregnant) is required to reapply for benefits under
23 any Federal means-tested public benefits program, the ap-
24 plicable agency shall review the income and resources at-
25 tributed to the alien under subsection (a).

1 **SEC. 422. AUTHORITY FOR STATES TO PROVIDE FOR AT-**
2 **TRIBUTION OF SPONSOR'S INCOME AND RE-**
3 **SOURCES TO THE ALIEN WITH RESPECT TO**
4 **STATE PROGRAMS.**

5 (a) OPTIONAL APPLICATION TO STATE PROGRAMS.—
6 Except as provided in subsection (b), in determining the
7 eligibility and the amount of benefits of an alien for any
8 State public benefits (as defined in section 412(c)), the
9 State or political subdivision that offers the benefits is au-
10 thorized to provide that the income and resources of the
11 alien shall be deemed to include—

12 (1) the income and resources of any individual
13 who executed an affidavit of support pursuant to
14 section 213A of the Immigration and Nationality
15 Act (as added by section 423) on behalf of such
16 alien, and

17 (2) the income and resources of the spouse (if
18 any) of the individual.

19 (b) EXCEPTIONS.—Subsection (a) shall not apply
20 with respect to the following State public benefits:

21 (1) Emergency medical services.

22 (2) Short-term, noncash, in-kind emergency dis-
23 aster relief.

24 (3) Programs comparable to assistance or bene-
25 fits under the National School Lunch Act.

1 (4) Programs comparable to assistance or bene-
2 fits under the Child Nutrition Act of 1966.

3 (5)(A) Public health assistance for immuniza-
4 tions.

5 (B) Public health assistance for testing and
6 treatment of a serious communicable disease if the
7 appropriate chief State health official determines
8 that it is necessary to prevent the spread of such
9 disease.

10 (6) Payments for foster care and adoption as-
11 sistance.

12 (7) Programs, services, or assistance (such as
13 soup kitchens, crisis counseling and intervention,
14 and short-term shelter) specified by the Attorney
15 General of a State, after consultation with appro-
16 priate agencies and departments, which (A) deliver
17 in-kind services at the community level, including
18 through public or private nonprofit agencies; (B) do
19 not condition the provision of assistance, the amount
20 of assistance provided, or the cost of assistance pro-
21 vided on the individual recipient's income or re-
22 sources; and (C) are necessary for the protection of
23 life or safety.

1 **SEC. 423. REQUIREMENTS FOR SPONSOR'S AFFIDAVIT OF**
2 **SUPPORT.**

3 (a) IN GENERAL.—Title II of the Immigration and
4 Nationality Act is amended by inserting after section 213
5 the following new section:

6 “REQUIREMENTS FOR SPONSOR'S AFFIDAVIT OF SUPPORT

7 “SEC. 213A. (a) ENFORCEABILITY.—(1) No affidavit
8 of support may be accepted by the Attorney General or
9 by any consular officer to establish that an alien is not
10 excludable as a public charge under section 212(a)(4) un-
11 less such affidavit is executed as a contract—

12 “(A) which is legally enforceable against the
13 sponsor by the sponsored alien, the Federal Govern-
14 ment, and by any State (or any political subdivision
15 of such State) which provides any means-tested pub-
16 lic benefits program, but not later than 10 years
17 after the alien last receives any such benefit;

18 “(B) in which the sponsor agrees to financially
19 support the alien, so that the alien will not become
20 a public charge; and

21 “(C) in which the sponsor agrees to submit to
22 the jurisdiction of any Federal or State court for the
23 purpose of actions brought under subsection (e)(2).

24 “(2) A contract under paragraph (1) shall be enforce-
25 able with respect to benefits provided to the alien until

1 such time as the alien achieves United States citizenship
2 through naturalization pursuant to chapter 2 of title III.

3 “(b) FORMS.—Not later than 90 days after the date
4 of enactment of this section, the Attorney General, in con-
5 sultation with the Secretary of State and the Secretary
6 of Health and Human Services, shall formulate an affida-
7 vit of support consistent with the provisions of this sec-
8 tion.

9 “(c) REMEDIES.—Remedies available to enforce an
10 affidavit of support under this section include any or all
11 of the remedies described in sections 3201, 3203, 3204,
12 or 3205 of title 28, United States Code, as well as an
13 order for specific performance and payment of legal fees
14 and other costs of collection, and include corresponding
15 remedies available under State law. A Federal agency may
16 seek to collect amounts owed under this section in accord-
17 ance with the provisions of subchapter II of chapter 37
18 of title 31, United States Code.

19 “(d) NOTIFICATION OF CHANGE OF ADDRESS.—

20 “(1) IN GENERAL.—The sponsor shall notify
21 the Attorney General and the State in which the
22 sponsored alien is currently resident within 30 days
23 of any change of address of the sponsor during the
24 period specified in subsection (a)(2).

1 “(2) PENALTY.—Any person subject to the re-
2 quirement of paragraph (1) who fails to satisfy such
3 requirement shall be subject to a civil penalty of—

4 “(A) not less than \$250 or more than
5 \$2,000, or

6 “(B) if such failure occurs with knowledge
7 that the alien has received any means-tested
8 public benefit, not less than \$2,000 or more
9 than \$5,000.

10 “(e) REIMBURSEMENT OF GOVERNMENT EX-
11 PENSES.—(1)(A) Upon notification that a sponsored alien
12 has received any benefit under any means-tested public
13 benefits program, the appropriate Federal, State, or local
14 official shall request reimbursement by the sponsor in the
15 amount of such assistance.

16 “(B) The Attorney General, in consultation with the
17 Secretary of Health and Human Services, shall prescribe
18 such regulations as may be necessary to carry out sub-
19 paragraph (A).

20 “(2) If within 45 days after requesting reimburse-
21 ment, the appropriate Federal, State, or local agency has
22 not received a response from the sponsor indicating a will-
23 ingness to commence payments, an action may be brought
24 against the sponsor pursuant to the affidavit of support.

1 “(3) If the sponsor fails to abide by the repayment
2 terms established by such agency, the agency may, within
3 60 days of such failure, bring an action against the spon-
4 sor pursuant to the affidavit of support.

5 “(4) No cause of action may be brought under this
6 subsection later than 10 years after the alien last received
7 any benefit under any means-tested public benefits pro-
8 gram.

9 “(5) If, pursuant to the terms of this subsection, a
10 Federal, State, or local agency requests reimbursement
11 from the sponsor in the amount of assistance provided,
12 or brings an action against the sponsor pursuant to the
13 affidavit of support, the appropriate agency may appoint
14 or hire an individual or other person to act on behalf of
15 such agency acting under the authority of law for purposes
16 of collecting any moneys owed. Nothing in this subsection
17 shall preclude any appropriate Federal, State, or local
18 agency from directly requesting reimbursement from a
19 sponsor for the amount of assistance provided, or from
20 bringing an action against a sponsor pursuant to an affi-
21 davit of support.

22 “(f) DEFINITIONS.—For the purposes of this sec-
23 tion—

24 “(1) SPONSOR.—The term ‘sponsor’ means an
25 individual who—

1 “(A) is a citizen or national of the United
2 States or an alien who is lawfully admitted to
3 the United States for permanent residence;

4 “(B) has attained the age of 18 years;

5 “(C) is domiciled in any of the 50 States
6 or the District of Columbia; and

7 “(D) is the person petitioning for the ad-
8 mission of the alien under section 204.

9 “(2) MEANS-TESTED PUBLIC BENEFITS PRO-
10 GRAM.—The term ‘means-tested public benefits pro-
11 gram’ means a program of public benefits (including
12 cash, medical, housing, and food assistance and so-
13 cial services) of the Federal Government or of a
14 State or political subdivision of a State in which the
15 eligibility of an individual, household, or family eligi-
16 bility unit for benefits under the program, or the
17 amount of such benefits, or both are determined on
18 the basis of income, resources, or financial need of
19 the individual, household, or unit.”.

20 (b) CLERICAL AMENDMENT.—The table of contents
21 of such Act is amended by inserting after the item relating
22 to section 213 the following:

 “Sec. 213A. Requirements for sponsor’s affidavit of support.”.

23 (c) EFFECTIVE DATE.—Subsection (a) of section
24 213A of the Immigration and Nationality Act, as inserted
25 by subsection (a) of this section, shall apply to affidavits

1 of support executed on or after a date specified by the
2 Attorney General, which date shall not be earlier than 60
3 days (and not later than 90 days) after the date the Attor-
4 ney General formulates the form for such affidavits under
5 subsection (b) of such section.

6 (d) BENEFITS NOT SUBJECT TO REIMBURSE-
7 MENT.—Requirements for reimbursement by a sponsor for
8 benefits provided to a sponsored alien pursuant to an affi-
9 davit of support under section 213A of the Immigration
10 and Nationality Act shall not apply with respect to the
11 following:

12 (1) Emergency medical services under title XIX
13 or XXI of the Social Security Act.

14 (2) Short-term, noncash, in-kind emergency dis-
15 aster relief.

16 (3) Assistance or benefits under the National
17 School Lunch Act.

18 (4) Assistance or benefits under the Child Nu-
19 trition Act of 1966.

20 (5)(A) Public health assistance for immuniza-
21 tions.

22 (B) Public health assistance for testing and
23 treatment of a serious communicable disease if the
24 Secretary of Health and Human Services determines

1 that it is necessary to prevent the spread of such
2 disease.

3 (6) Payments for foster care and adoption as-
4 sistance under part B of title IV of the Social Secu-
5 rity Act for a child, but only if the foster or adoptive
6 parent or parents of such child are not otherwise
7 ineligible pursuant to section 403 of this Act.

8 (7) Programs, services, or assistance (such as
9 soup kitchens, crisis counseling and intervention,
10 and short-term shelter) specified by the Attorney
11 General, in the Attorney General's sole and
12 unreviewable discretion after consultation with ap-
13 propriate Federal agencies and departments, which
14 (A) deliver in-kind services at the community level,
15 including through public or private nonprofit agen-
16 cies; (B) do not condition the provision of assistance,
17 the amount of assistance provided, or the cost of as-
18 sistance provided on the individual recipient's in-
19 come or resources; and (C) are necessary for the
20 protection of life or safety.

21 (8) Programs of student assistance under titles
22 IV, V, IX, and X of the Higher Education Act of
23 1965.

1 **SEC. 424. COSIGNATURE OF ALIEN STUDENT LOANS.**

2 Section 484(b) of the Higher Education Act of 1965
3 (20 U.S.C. 1091(b)) is amended by adding at the end the
4 following new paragraph:

5 “(6) Notwithstanding sections 427(a)(2)(A),
6 428B(a), 428C(b)(4)(A), and 464(c)(1)(E), or any
7 other provision of this title, a student who is an
8 alien lawfully admitted for permanent residence
9 under the Immigration and Nationality Act shall not
10 be eligible for a loan under this title unless the loan
11 is endorsed and cosigned by the alien’s sponsor
12 under section 213A of the Immigration and Nation-
13 ality Act or by another creditworthy individual who
14 is a United States citizen.”.

15 **Subtitle D—General Provisions**

16 **SEC. 431. DEFINITIONS.**

17 (a) IN GENERAL.—Except as otherwise provided in
18 this title, the terms used in this title have the same mean-
19 ing given such terms in section 101(a) of the Immigration
20 and Nationality Act.

21 (b) QUALIFIED ALIEN.—For purposes of this title,
22 the term “qualified alien” means an alien who, at the time
23 the alien applies for, receives, or attempts to receive a
24 Federal public benefit, is—

1 (1) an alien who is lawfully admitted for perma-
2 nent residence under the Immigration and National-
3 ity Act,

4 (2) an alien who is granted asylum under sec-
5 tion 208 of such Act,

6 (3) a refugee who is admitted to the United
7 States under section 207 of such Act,

8 (4) an alien who is paroled into the United
9 States under section 212(d)(5) of such Act for a pe-
10 riod of at least 1 year,

11 (5) an alien whose deportation is being withheld
12 under section 243(h) of such Act, or

13 (6) an alien who is granted conditional entry
14 pursuant to section 203(a)(7) of such Act as in ef-
15 fect prior to April 1, 1980.

16 **SEC. 432. VERIFICATION OF ELIGIBILITY FOR FEDERAL**
17 **PUBLIC BENEFITS.**

18 (a) IN GENERAL.—Not later than 18 months after
19 the date of the enactment of this Act, the Attorney Gen-
20 eral of the United States, after consultation with the Sec-
21 retary of Health and Human Services, shall promulgate
22 regulations requiring verification that a person applying
23 for a Federal public benefit (as defined in section 401(c)),
24 to which the limitation under section 401 applies, is a
25 qualified alien and is eligible to receive such benefit. Such

1 regulations shall, to the extent feasible, require that infor-
2 mation requested and exchanged be similar in form and
3 manner to information requested and exchanged under
4 section 1137 of the Social Security Act.

5 (b) STATE COMPLIANCE.—Not later than 24 months
6 after the date the regulations described in subsection (a)
7 are adopted, a State that administers a program that pro-
8 vides a Federal public benefit shall have in effect a ver-
9 ification system that complies with the regulations.

10 (c) AUTHORIZATION OF APPROPRIATIONS.—There
11 are authorized to be appropriated such sums as may be
12 necessary to carry out the purpose of this section.

13 **SEC. 433. STATUTORY CONSTRUCTION.**

14 (a) LIMITATION.—

15 (1) Nothing in this title may be construed as an
16 entitlement or a determination of an individual's eli-
17 gibility or fulfillment of the requisite requirements
18 for any Federal, State, or local governmental pro-
19 gram, assistance, or benefits. For purposes of this
20 title, eligibility relates only to the general issue of
21 eligibility or ineligibility on the basis of alienage.

22 (2) Nothing in this title may be construed as
23 addressing alien eligibility for a basic public edu-
24 cation as determined by the Supreme Court of the

1 United States under Plyler v. Doe (457 U.S.
2 202)(1982).

3 (b) NOT APPLICABLE TO FOREIGN ASSISTANCE.—

4 This title does not apply to any Federal, State, or local
5 governmental program, assistance, or benefits provided to
6 an alien under any program of foreign assistance as deter-
7 mined by the Secretary of State in consultation with the
8 Attorney General.

9 (c) SEVERABILITY.—If any provision of this title or
10 the application of such provision to any person or cir-
11 cumstance is held to be unconstitutional, the remainder
12 of this title and the application of the provisions of such
13 to any person or circumstance shall not be affected there-
14 by.

15 **SEC. 434. COMMUNICATION BETWEEN STATE AND LOCAL**
16 **GOVERNMENT AGENCIES AND THE IMMIGRA-**
17 **TION AND NATURALIZATION SERVICE.**

18 Notwithstanding any other provision of Federal,
19 State, or local law, no State or local government entity
20 may be prohibited, or in any way restricted, from sending
21 to or receiving from the Immigration and Naturalization
22 Service information regarding the immigration status,
23 lawful or unlawful, of an alien in the United States.

1 **SEC. 435. QUALIFYING QUARTERS.**

2 For purposes of this title, in determining the number
3 of qualifying quarters of coverage under title II of the So-
4 cial Security Act an alien shall be credited with—

5 (1) all of the qualifying quarters of coverage as
6 defined under title II of the Social Security Act
7 worked by a parent of such alien while the alien was
8 under age 18 if the parent did not receive any Fed-
9 eral means-tested public benefit (as defined in sec-
10 tion 403(c)) during any such quarter, and

11 (2) all of the qualifying quarters worked by a
12 spouse of such alien during their marriage if the
13 spouse did not receive any Federal means-tested
14 public benefit (as defined in section 403(c)) during
15 any such quarter and the alien remains married to
16 such spouse or such spouse is deceased.

17 **SEC. 436. TITLE INAPPLICABLE TO PROGRAMS SPECIFIED**
18 **BY ATTORNEY GENERAL.**

19 Notwithstanding any other provision of this title, this
20 title or any provision of this title shall not apply to pro-
21 grams, services, or assistance (such as soup kitchens, cri-
22 sis counseling and intervention, and short term shelter)
23 specified by the Attorney General, in the Attorney Gen-
24 eral's sole and unreviewable discretion after consultation
25 with appropriate Federal agencies and departments, which
26 (1) deliver services at the community level, including

1 through public or private nonprofit agencies; (2) do not
 2 condition the provision of assistance, the amount of assist-
 3 ance provided, or the cost of assistance provided on the
 4 individual recipient's income or resources; and (3) are nec-
 5 essary for the protection of life, safety or the public health.

6 **SEC. 437. TITLE INAPPLICABLE TO PROGRAMS OF NON-**
 7 **PROFIT CHARITABLE ORGANIZATIONS.**

8 Notwithstanding any other provision of this title, this
 9 title or any provision of this title shall not apply to pro-
 10 grams, services, or assistance of a nonprofit charitable or-
 11 ganization, regardless of whether such programs, services,
 12 or assistance are funded, in whole or in part, by the Fed-
 13 eral Government or the government of any State or politi-
 14 cal subdivision of a State.

15 **Subtitle E—Conforming**
 16 **Amendments**

17 **SEC. 441. CONFORMING AMENDMENTS RELATING TO AS-**
 18 **SISTED HOUSING.**

19 (a) LIMITATIONS ON ASSISTANCE.—Section 214 of
 20 the Housing and Community Development Act of 1980
 21 (42 U.S.C. 1436a) is amended—

22 (1) by striking “Secretary of Housing and
 23 Urban Development” each place it appears and in-
 24 serting “applicable Secretary”;

1 (2) in subsection (b), by inserting after “Na-
2 tional Housing Act,” the following: “the direct loan
3 program under section 502 of the Housing Act of
4 1949 or section 502(c)(5)(D), 504, 521(a)(2)(A), or
5 542 of such Act, subtitle A of title III of the Cran-
6 ston-Gonzalez National Affordable Housing Act,”;

7 (3) in paragraphs (2) through (6) of subsection
8 (d), by striking “Secretary” each place it appears
9 and inserting “applicable Secretary”;

10 (4) in subsection (d), in the matter following
11 paragraph (6), by striking “the term ‘Secretary’ ”
12 and inserting “the term ‘applicable Secretary’ ”; and

13 (5) by adding at the end the following new sub-
14 section:

15 “(h) For purposes of this section, the term ‘applicable
16 Secretary’ means—

17 “(1) the Secretary of Housing and Urban De-
18 velopment, with respect to financial assistance ad-
19 ministered by such Secretary and financial assist-
20 ance under subtitle A of title III of the Cranston-
21 Gonzalez National Affordable Housing Act; and

22 “(2) the Secretary of Agriculture, with respect
23 to financial assistance administered by such Sec-
24 retary.”.

1 (b) CONFORMING AMENDMENTS.—Section 501(h) of
2 the Housing Act of 1949 (42 U.S.C. 1471(h)) is amend-
3 ed—

4 (1) by striking “(1)”;

5 (2) by striking “by the Secretary of Housing
6 and Urban Development”; and

7 (3) by striking paragraph (2).

8 **TITLE V—REDUCTIONS IN FED-**
9 **ERAL GOVERNMENT POSI-**
10 **TIONS**

11 **SEC. 501. REDUCTIONS.**

12 (a) DEFINITIONS.—As used in this section:

13 (1) APPROPRIATE EFFECTIVE DATE.—The term
14 “appropriate effective date”, used with respect to a
15 Department referred to in this section, means the
16 date on which all provisions of this Act (other than
17 title II) that the Department is required to carry
18 out, and amendments and repeals made by such Act
19 to provisions of Federal law that the Department is
20 required to carry out, are effective.

21 (2) COVERED ACTIVITY.—The term “covered
22 activity”, used with respect to a Department re-
23 ferred to in this section, means an activity that the
24 Department is required to carry out under—

1 (A) a provision of this Act (other than title
2 II); or

3 (B) a provision of Federal law that is
4 amended or repealed by this Act (other than
5 title II).

6 (b) REPORTS.—

7 (1) CONTENTS.—Not later than December 31,
8 1995, each Secretary referred to in paragraph (2)
9 shall prepare and submit to the relevant committees
10 described in paragraph (3) a report containing—

11 (A) the determinations described in sub-
12 section (c);

13 (B) appropriate documentation in support
14 of such determinations; and

15 (C) a description of the methodology used
16 in making such determinations.

17 (2) SECRETARY.—The Secretaries referred to in
18 this paragraph are—

19 (A) the Secretary of Agriculture;

20 (B) the Secretary of Education;

21 (C) the Secretary of Labor;

22 (D) the Secretary of Housing and Urban
23 Development; and

24 (E) the Secretary of Health and Human
25 Services.

1 (3) RELEVANT COMMITTEES.—The relevant
2 Committees described in this paragraph are the fol-
3 lowing:

4 (A) With respect to each Secretary de-
5 scribed in paragraph (2), the Committee on
6 Government Reform and Oversight of the
7 House of Representatives and the Committee
8 on Governmental Affairs of the Senate.

9 (B) With respect to the Secretary of Agri-
10 culture, the Committee on Agriculture and the
11 Committee on Economic and Educational Op-
12 portunities of the House of Representatives and
13 the Committee on Agriculture, Nutrition, and
14 Forestry of the Senate.

15 (C) With respect to the Secretary of Edu-
16 cation, the Committee on Economic and Edu-
17 cational Opportunities of the House of Rep-
18 resentatives and the Committee on Labor and
19 Human Resources of the Senate.

20 (D) With respect to the Secretary of
21 Labor, the Committee on Economic and Edu-
22 cational Opportunities of the House of Rep-
23 resentatives and the Committee on Labor and
24 Human Resources of the Senate.

1 (E) With respect to the Secretary of Hous-
2 ing and Urban Development, the Committee on
3 Banking and Financial Services of the House of
4 Representatives and the Committee on Bank-
5 ing, Housing, and Urban Affairs of the Senate.

6 (F) With respect to the Secretary of
7 Health and Human Services, the Committee on
8 Economic and Educational Opportunities of the
9 House of Representatives, the Committee on
10 Labor and Human Resources of the Senate, the
11 Committee on Ways and Means of the House of
12 Representatives, and the Committee on Finance
13 of the Senate.

14 (4) REPORT ON CHANGES.—Not later than De-
15 cember 31, 1996, and each December 31 thereafter,
16 each Secretary referred to in paragraph (2) shall
17 prepare and submit to the relevant Committees de-
18 scribed in paragraph (3), a report concerning any
19 changes with respect to the determinations made
20 under subsection (c) for the year in which the report
21 is being submitted.

22 (c) DETERMINATIONS.—Not later than October 1,
23 1996, each Secretary referred to in subsection (b)(2) shall
24 determine—

1 (1) the number of full-time equivalent positions
2 required by the Department headed by such Sec-
3 retary to carry out the covered activities of the De-
4 partment, as of the day before the date of enactment
5 of this Act;

6 (2) the number of such positions required by
7 the Department to carry out the activities, as of the
8 appropriate effective date for the Department; and

9 (3) the difference obtained by subtracting the
10 number referred to in paragraph (2) from the num-
11 ber referred to in paragraph (1).

12 (d) ACTIONS.—Each Secretary referred to in sub-
13 section (b)(2) shall take such actions as may be necessary,
14 including reduction in force actions, consistent with sec-
15 tions 3502 and 3595 of title 5, United States Code, to
16 reduce the number of positions of personnel of the Depart-
17 ment—

18 (1) not later than 30 days after the appropriate
19 effective date for the Department involved, by at
20 least 50 percent of the difference referred to in sub-
21 section (c)(3); and

22 (2) not later than 13 months after such appro-
23 priate effective date, by at least the remainder of
24 such difference (after the application of paragraph
25 (1)).

1 (e) CONSISTENCY.—

2 (1) EDUCATION.—The Secretary of Education
3 shall carry out this section in a manner that enables
4 the Secretary to meet the requirements of this sec-
5 tion.

6 (2) LABOR.—The Secretary of Labor shall
7 carry out this section in a manner that enables the
8 Secretary to meet the requirements of this section.

9 (3) HEALTH AND HUMAN SERVICES.—The Sec-
10 retary of Health and Human Services shall carry out
11 this section in a manner that enables the Secretary
12 to meet the requirements of this section and sections
13 502 and 503.

14 (f) CALCULATION.—In determining, under subsection
15 (c), the number of full-time equivalent positions required
16 by a Department to carry out a covered activity, a Sec-
17 retary referred to in subsection (b)(2) shall include the
18 number of such positions occupied by personnel carrying
19 out program functions or other functions (including budg-
20 etary, legislative, administrative, planning, evaluation, and
21 legal functions) related to the activity.

22 (g) GENERAL ACCOUNTING OFFICE REPORT.—Not
23 later than July 1, 1996, the Comptroller General of the
24 United States shall prepare and submit to the committees
25 described in subsection (b)(3), a report concerning the de-

1 terminations made by each Secretary under subsection (c).
2 Such report shall contain an analysis of the determina-
3 tions made by each Secretary under subsection (c) and
4 a determination as to whether further reductions in full-
5 time equivalent positions are appropriate.

6 **SEC. 502. REDUCTIONS IN FEDERAL BUREAUCRACY.**

7 (a) IN GENERAL.—The Secretary of Health and
8 Human Services shall reduce the Federal workforce within
9 the Department of Health and Human Services by an
10 amount equal to the sum of—

11 (1) 75 percent of the full-time equivalent posi-
12 tions at such Department that relate to any direct
13 spending program, or any program funded through
14 discretionary spending, that has been converted into
15 a block grant program under this Act and the
16 amendments made by this Act; and

17 (2) an amount equal to 75 percent of that por-
18 tion of the total full-time equivalent departmental
19 management positions at such Department that
20 bears the same relationship to the amount appro-
21 priated for the programs referred to in paragraph
22 (1) as such amount relates to the total amount ap-
23 propriated for use by such Department.

24 (b) REDUCTIONS IN THE DEPARTMENT OF HEALTH
25 AND HUMAN SERVICES.—Notwithstanding any other pro-

1 vision of this Act, the Secretary of Health and Human
 2 Services shall take such actions as may be necessary, in-
 3 cluding reductions in force actions, consistent with sec-
 4 tions 3502 and 3595 of title 5, United States Code, to
 5 reduce the full-time equivalent positions within the De-
 6 partment of Health and Human Services—

7 (1) by 245 full-time equivalent positions related
 8 to the program converted into a block grant under
 9 the amendment made by section 103; and

10 (2) by 60 full-time equivalent managerial posi-
 11 tions in the Department.

12 **SEC. 503. REDUCING PERSONNEL IN WASHINGTON, D.C.**
 13 **AREA.**

14 In making reductions in full-time equivalent posi-
 15 tions, the Secretary of Health and Human Services is en-
 16 couraged to reduce personnel in the Washington, D.C.,
 17 area office (agency headquarters) before reducing field
 18 personnel.

19 **TITLE VI—REFORM OF PUBLIC**
 20 **HOUSING**

21 **SEC. 601. FAILURE TO COMPLY WITH OTHER WELFARE**
 22 **AND PUBLIC ASSISTANCE PROGRAMS.**

23 Title I of the United States Housing Act of 1937 (42
 24 U.S.C. 1437 et seq.) is amended by adding at the end
 25 the following new section:

1 **“SEC. 27. FAILURE TO COMPLY WITH OTHER WELFARE**
2 **AND PUBLIC ASSISTANCE PROGRAMS.**

3 “(a) IN GENERAL.—If the benefits of a family are
4 reduced under a Federal, State, or local law relating to
5 welfare or a public assistance program for the failure of
6 any member of the family to perform an action required
7 under the law or program, the family may not, for the
8 duration of the reduction, receive any increased assistance
9 under this Act as the result of a decrease in the income
10 of the family to the extent that the decrease in income
11 is the result of the benefits reduction.

12 “(b) EXCEPTION.—Subsection (a) shall not apply in
13 any case in which the benefits of a family are reduced be-
14 cause the welfare or public assistance program to which
15 the Federal, State, or local law relates limits the period
16 during which benefits may be provided under the pro-
17 gram.”.

18 **SEC. 602. FRAUD UNDER MEANS-TESTED WELFARE AND**
19 **PUBLIC ASSISTANCE PROGRAMS.**

20 (a) IN GENERAL.—If an individual’s benefits under
21 a Federal, State, or local law relating to a means-tested
22 welfare or a public assistance program are reduced be-
23 cause of an act of fraud by the individual under the law
24 or program, the individual may not, for the duration of
25 the reduction, receive an increased benefit under any other
26 means-tested welfare or public assistance program for

1 which Federal funds are appropriated as a result of a de-
 2 crease in the income of the individual (determined under
 3 the applicable program) attributable to such reduction.

4 (b) WELFARE OR PUBLIC ASSISTANCE PROGRAMS
 5 FOR WHICH FEDERAL FUNDS ARE APPROPRIATED.—For
 6 purposes of subsection (a), the term “means-tested welfare
 7 or public assistance program for which Federal funds are
 8 appropriated” includes the food stamp program under the
 9 Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.), any
 10 program of public or assisted housing under title I of the
 11 United States Housing Act of 1937 (42 U.S.C. 1437 et
 12 seq.), and State programs funded under part A of title
 13 IV of the Social Security Act (42 U.S.C. 601 et seq.).

14 **SEC. 603. ANNUAL ADJUSTMENT FACTORS FOR OPERATING**
 15 **COSTS ONLY; RESTRAINT ON RENT IN-**
 16 **CREASES.**

17 (a) ANNUAL ADJUSTMENT FACTORS FOR OPERATING
 18 COSTS ONLY.—Section 8(c)(2)(A) of the United States
 19 Housing Act of 1937 (42 U.S.C. 1437f(c)(2)(A)) is
 20 amended—

21 (1) by striking “(2)(A)” and inserting
 22 “(2)(A)(i)”;

23 (2) by striking the second sentence and all that
 24 follows through the end of the subparagraph; and

1 (3) by adding at the end the following new
2 clause:

3 “(ii) Each assistance contract under this section shall
4 provide that—

5 “(I) if the maximum monthly rent for a unit in
6 a new construction or substantial rehabilitation
7 project to be adjusted using an annual adjustment
8 factor exceeds 100 percent of the fair market rent
9 for an existing dwelling unit in the market area, the
10 Secretary shall adjust the rent using an operating
11 costs factor that increases the rent to reflect in-
12 creases in operating costs in the market area; and

13 “(II) if the owner of a unit in a project de-
14 scribed in subclause (I) demonstrates that the ad-
15 justed rent determined under subclause (I) would
16 not exceed the rent for an unassisted unit of similar
17 quality, type, and age in the same market area, as
18 determined by the Secretary, the Secretary shall use
19 the otherwise applicable annual adjustment factor.”.

20 (b) RESTRAINT ON SECTION 8 RENT INCREASES.—
21 Section 8(c)(2)(A) of the United States Housing Act of
22 1937 (42 U.S.C. 1437f(c)(2)(A)), as amended by sub-
23 section (a), is amended by adding at the end the following
24 new clause:

1 “(iii)(I) Subject to subclause (II), with respect to any
2 unit assisted under this section that is occupied by the
3 same family at the time of the most recent annual rental
4 adjustment, if the assistance contract provides for the ad-
5 justment of the maximum monthly rent by applying an
6 annual adjustment factor, and if the rent for the unit is
7 otherwise eligible for an adjustment based on the full
8 amount of the annual adjustment factor, 0.01 shall be
9 subtracted from the amount of the annual adjustment fac-
10 tor, except that the annual adjustment factor shall not be
11 reduced to less than 1.0.

12 “(II) With respect to any unit described in subclause
13 (I) that is assisted under the certificate program, the ad-
14 justed rent shall not exceed the rent for a comparable un-
15 assisted unit of similar quality, type, and age in the mar-
16 ket area in which the unit is located.”.

17 (c) EFFECTIVE DATE.—The amendments made by
18 this section shall become effective on October 1, 1996.

19 **SEC. 604. EFFECTIVE DATE.**

20 This title and the amendment made by this title shall
21 become effective on the date of enactment of this Act.

1 **TITLE VII—CHILD CARE**

2 **SEC. 701. SHORT TITLE AND REFERENCES.**

3 (a) **SHORT TITLE.**—This title may be cited as the
4 “Child Care and Development Block Grant Amendments
5 of 1995”.

6 (b) **REFERENCES.**—Except as otherwise expressly
7 provided, whenever in this title an amendment or repeal
8 is expressed in terms of an amendment to, or repeal of,
9 a section or other provision, the reference shall be consid-
10 ered to be made to a section or other provision of the Child
11 Care and Development Block Grant Act of 1990 (42
12 U.S.C. 9858 et seq.).

13 **SEC. 702. GOALS.**

14 (a) **GOALS.**—Section 658A (42 U.S.C. 9801 note) is
15 amended—

16 (1) in the section heading by inserting “AND
17 GOALS” after “TITLE”;

18 (2) by inserting “(a) **SHORT TITLE.**—” before
19 “This”; and

20 (3) by adding at the end the following:

21 “(b) **GOALS.**—The goals of this subchapter are—

22 “(1) to allow each State maximum flexibility in
23 developing child care programs and policies that best
24 suit the needs of children and parents within such
25 State;

1 “(2) to promote parental choice to empower
2 working parents to make their own decisions on the
3 child care that best suits their family’s needs;

4 “(3) to encourage States to provide consumer
5 education information to help parents make in-
6 formed choices about child care;

7 “(4) to assist States to provide child care to
8 parents trying to achieve independence from public
9 assistance; and

10 “(5) to assist States in implementing the
11 health, safety, licensing, and registration standards
12 established in State regulations.”.

13 **SEC. 803. AUTHORIZATION OF APPROPRIATIONS AND EN-**
14 **TITLEMENT AUTHORITY.**

15 (a) IN GENERAL.—Section 658B (42 U.S.C. 9858)
16 is amended to read as follows:

17 **“SEC. 658B. AUTHORIZATION OF APPROPRIATIONS.**

18 “‘There is authorized to be appropriated to carry out
19 this subchapter \$1,000,000,000 for each of the fiscal
20 years 1996 through 2002.’”.

21 (b) SOCIAL SECURITY ACT.—Part A of title IV of
22 the Social Security Act (as amended by section 103 of this
23 Act) is amended by redesignating section 417 as section
24 418 and inserting after section 416 the following:

1 **“SEC. 417. FUNDING FOR CHILD CARE.**

2 “(a) GENERAL CHILD CARE ENTITLEMENT.—

3 “(1) GENERAL ENTITLEMENT.—Subject to the
4 amount appropriated under paragraph (3), each
5 State shall, for the purpose of providing child care
6 assistance, be entitled to payments under a grant
7 under this subsection for a fiscal year in an amount
8 equal to the greatest of—

9 “(A) the sum of—

10 “(i) the total amount required to be
11 paid to the State under former section 403
12 for fiscal year 1994 with respect to
13 amounts expended for child care under sec-
14 tion 402(g) of this Act (as such section
15 was in effect before October 1, 1995); and

16 “(ii) such total amount with respect
17 to amounts expended for child care under
18 section 403(i) of this Act (as so in effect);
19 or

20 “(B) the sum described in subparagraph
21 (A) for fiscal year 1995; or

22 “(C) the average of the total amounts re-
23 quired to be paid to the State for fiscal years
24 1992 through 1994 under the sections referred
25 to in subparagraph (A).

26 “(2) REMAINDER.—

1 “(A) GRANTS.—The Secretary shall use
2 any amounts appropriated for a fiscal year
3 under paragraph (3), and remaining after the
4 reservation described in paragraph (5) and
5 after grants are awarded under paragraph (1),
6 to make grants to States under this paragraph.

7 “(B) AMOUNT.—Subject to subparagraph
8 (C), the amount of a grant awarded to a State
9 for a fiscal year under this paragraph shall be
10 based on the formula used for determining the
11 amount of Federal payments to the State under
12 section 403(n) (as such section was in effect be-
13 fore October 1, 1995).

14 “(C) MATCHING REQUIREMENT.—The Sec-
15 retary shall pay to each eligible State in a fiscal
16 year an amount, under a grant under subpara-
17 graph (A), equal to the Federal medical assist-
18 ance percentage for such State for fiscal year
19 1995 (as defined in section 1905(b)) of so
20 much of the expenditures by the State for child
21 care in such year as exceed the State set-aside
22 for such State under subsection (a)(1) for such
23 year and the amount of State expenditures in
24 fiscal year 1995 that equal the non-Federal

1 share for the programs described in subpara-
2 graphs (A), (B) and (C) of paragraph (1).

3 “(3) APPROPRIATION.—There are authorized to
4 be appropriated, and there are appropriated, to
5 carry out this section—

6 “(A) \$1,967,000,000 for fiscal year 1997;

7 “(B) \$2,067,000,000 for fiscal year 1998;

8 “(C) \$2,167,000,000 for fiscal year 1999;

9 “(D) \$2,367,000,000 for fiscal year 2000;

10 “(E) \$2,567,000,000 for fiscal year 2001;

11 and

12 “(F) \$2,767,000,000 for fiscal year 2002.

13 “(4) REDISTRIBUTION.—With respect to any
14 fiscal year, if the Secretary determines that amounts
15 under any grant awarded to a State under this sub-
16 section for such fiscal year will not be used by such
17 State for carrying out the purpose for which the
18 grant is made, the Secretary shall make such
19 amounts available for carrying out such purpose to
20 1 or more other States which apply for such funds
21 to the extent the Secretary determines that such
22 other States will be able to use such additional
23 amounts for carrying out such purpose. Such avail-
24 able amounts shall be redistributed to a State pursu-
25 ant to section 402(i) (as such section was in effect

1 before October 1, 1995) by substituting ‘the number
2 of children residing in all States applying for such
3 funds’ for ‘the number of children residing in the
4 United States in the second preceding fiscal year’.
5 Any amount made available to a State from an ap-
6 propriation for a fiscal year in accordance with the
7 preceding sentence shall, for purposes of this part,
8 be regarded as part of such State’s payment (as de-
9 termined under this subsection) for such year.

10 “(5) INDIAN TRIBES.—The Secretary shall re-
11 serve not more than 1 percent of the aggregate
12 amount appropriated to carry out this section in
13 each fiscal year for payments to Indian tribes and
14 tribal organizations.

15 “(b) USE OF FUNDS.—

16 “(1) IN GENERAL.—Amounts received by a
17 State under this section shall only be used to provide
18 child care assistance.

19 “(2) USE FOR CERTAIN POPULATIONS.—A
20 State shall ensure that not less than 70 percent of
21 the total amount of funds received by the State in
22 a fiscal year under this section are used to provide
23 child care assistance to families who are receiving
24 assistance under a State program under this part,
25 families who are attempting through work activities

1 to transition off of such assistance program, and
2 families who are at risk of becoming dependent on
3 such assistance program.

4 “(c) APPLICATION OF CHILD CARE AND DEVELOP-
5 MENT BLOCK GRANT ACT of 1990.—Notwithstanding any
6 other provision of law, amounts provided to a State under
7 this section shall be transferred to the lead agency under
8 the Child Care and Development Block Grant Act of 1990,
9 integrated by the State into the programs established by
10 the State under such Act, and be subject to requirements
11 and limitations of such Act.

12 “(d) DEFINITION.—As used in this section, the term
13 ‘State’ means each of the 50 States or the District of Co-
14 lumbia.”.

15 **SEC. 704. LEAD AGENCY.**

16 Section 658D(b) (42 U.S.C. 9858b(b)) is amended—

17 (1) in paragraph (1)—

18 (A) in subparagraph (A), by striking
19 “State” the first place that such appears and
20 inserting “governmental or nongovernmental”;
21 and

22 (B) in subparagraph (C), by inserting
23 “with sufficient time and Statewide distribution
24 of the notice of such hearing,” after “hearing in
25 the State”; and

1 (2) in paragraph (2), by striking the second
2 sentence.

3 **SEC. 705. APPLICATION AND PLAN.**

4 Section 658E (42 U.S.C. 9858c) is amended—

5 (1) in subsection (b)—

6 (A) by striking “implemented—” and all
7 that follows through “(2)” and inserting “im-
8 plemented”; and

9 (B) by striking “for subsequent State
10 plans”;

11 (2) in subsection (c)—

12 (A) in paragraph (2)—

13 (i) in subparagraph (A)—

14 (I) in clause (i) by striking
15 “, other than through assistance pro-
16 vided under paragraph (3)(C),”; and

17 (II) by striking “except” and all
18 that follows through “1992”, and in-
19 serting “and provide a detailed de-
20 scription of the procedures the State
21 will implement to carry out the re-
22 quirements of this subparagraph”;

23 (ii) in subparagraph (B)—

24 (I) by striking “Provide assur-
25 ances” and inserting “Certify”; and

1 (II) by inserting before the pe-
2 riod at the end “and provide a de-
3 tailed description of such procedures”;
4 (iii) in subparagraph (C)—

5 (I) by striking “Provide assur-
6 ances” and inserting “Certify”; and

7 (II) by inserting before the pe-
8 riod at the end “and provide a de-
9 tailed description of how such record
10 is maintained and is made available”;
11 (iv) by amending subparagraph (D) to
12 read as follows:

13 “(D) CONSUMER EDUCATION INFORMA-
14 TION.—Certify that the State will collect and
15 disseminate to parents of eligible children and
16 the general public, consumer education informa-
17 tion that will promote informed child care
18 choices.”;

19 (v) in subparagraph (E), to read as
20 follows:

21 “(E) COMPLIANCE WITH STATE LICENSING
22 REQUIREMENTS.—

23 “(i) IN GENERAL.—Certify that the
24 State has in effect licensing requirements
25 applicable to child care services provided

1 within the State, and provide a detailed de-
2 scription of such requirements and of how
3 such requirements are effectively enforced.
4 Nothing in the preceding sentence shall be
5 construed to require that licensing require-
6 ments be applied to specific types of pro-
7 viders of child care services.

8 “(ii) INDIAN TRIBES AND TRIBAL OR-
9 GANIZATIONS.—In lieu of any licensing
10 and regulatory requirements applicable
11 under State and local law, the Secretary,
12 in consultation with Indian tribes and trib-
13 al organizations, shall develop minimum
14 child care standards (that appropriately re-
15 flect tribal needs and available resources)
16 that shall be applicable to Indian tribes
17 and tribal organizations receiving assist-
18 ance under this subchapter.”;

19 (vi) by striking “Provide assurances”
20 and inserting “Certify”; and

21 (vii) by striking subparagraphs (H),
22 (I), and (J) and inserting the following:

23 “(G) MEETING THE NEEDS OF CERTAIN
24 POPULATIONS.—Demonstrate the manner in
25 which the State will meet the specific child care

1 needs of families who are receiving assistance
2 under a State program under part A of title IV
3 of the Social Security Act, families who are at-
4 tempting through work activities to transition
5 off of such assistance program, and families
6 who are at risk of becoming dependent on such
7 assistance program.

8 “(H) PRESERVING PARENTAL CHOICE.—
9 Certify that the State will not implement any
10 policy or practice which has the effect of signifi-
11 cantly restricting parental choice by—

12 “(i) expressly or effectively excluding
13 any category of care or type of provider
14 within a category of care;

15 “(ii) limiting parental access to or
16 choices from among various categories of
17 care or types of providers; or

18 “(iii) excluding a significant number
19 of providers in any category of care.

20 “(I) INFORMING PARENTS OF OPTIONS.—
21 Provides assurances that parents will be in-
22 formed regarding their options under this sec-
23 tion, including the option to receive a child care
24 certificate or voucher.”;

25 (B) in paragraph (3)—

1 (i) in subparagraph (A), by striking
2 “(B) and (C)” and inserting “(B) through
3 (D)”;

4 (ii) in subparagraph (B)—

5 (I) by striking “.—Subject to the
6 reservation contained in subparagraph
7 (C), the” and inserting “AND RELAT-
8 ED ACTIVITIES.—The”;

9 (II) in clause (i) by striking “;
10 and” at the end and inserting a pe-
11 riod;

12 (III) by striking “for—” and all
13 that follows through “section
14 658E(c)(2)(A)” and inserting “for
15 child care services on sliding fee scale
16 basis, activities that improve the qual-
17 ity or availability of such services, and
18 any other activity that the State
19 deems appropriate to realize any of
20 the goals specified in paragraphs (2)
21 through (5) of section 658A(b)”;

22 (IV) by striking clause (ii);

23 (iii) by amending subparagraph (C) to
24 read as follows:

1 “(C) LIMITATION ON ADMINISTRATIVE
2 COSTS.—Not more than 5 percent of the aggre-
3 gate amount of funds available to the State to
4 carry out this subchapter by a State in each fis-
5 cal year may be expended for administrative
6 costs incurred by such State to carry out all of
7 its functions and duties under this subchapter.
8 As used in the preceding sentence, the term
9 ‘administrative costs’ shall not include the costs
10 of providing direct services.”; and

11 (iv) by adding at the end thereof the
12 following:

13 “(D) ASSISTANCE FOR CERTAIN FAMI-
14 LIES.—A State shall ensure that a substantial
15 portion of the amounts available (after the
16 State has complied with the requirement of sec-
17 tion 417(b)(2) of the Social Security Act with
18 respect to each of the fiscal years 1997 through
19 2002) to the State to carry out activities this
20 subchapter in each fiscal year is used to provide
21 assistance to low-income working families other
22 than families described in paragraph (2)(F).”;
23 and

24 (C) in paragraph (4)(A)—

- 1 (i) by striking “provide assurances”
2 and inserting “certify”;
3 (ii) in the first sentence by inserting
4 “and shall provide a summary of the facts
5 relied on by the State to determine that
6 such rates are sufficient to ensure such ac-
7 cess” before the period; and
8 (iii) by striking the last sentence.

9 **SEC. 706. LIMITATION ON STATE ALLOTMENTS.**

10 Section 658F(b) (42 U.S.C. 9858d(b)) is amended—

11 (1) in paragraph (1), by striking “No” and in-
12 serting “Except as provided for in section
13 658O(c)(6), no”; and

14 (2) in paragraph (2), by striking “referred to in
15 section 658E(c)(2)(F)”.

16 **SEC. 707. ACTIVITIES TO IMPROVE THE QUALITY OF CHILD**
17 **CARE.**

18 Section 658G (42 U.S.C. 9858e) is amended to read
19 as follows:

20 **“SEC. 658G. ACTIVITIES TO IMPROVE THE QUALITY OF**
21 **CHILD CARE.**

22 “A State that receives funds to carry out this sub-
23 chapter for a fiscal year, shall use not less than 4 percent
24 of the amount of such funds for activities that are de-
25 signed to provide comprehensive consumer education to

1 parents and the public, activities that increase parental
2 choice, and activities designed to improve the quality and
3 availability of child care (such as resource and referral
4 services).”.

5 **SEC. 708. REPEAL OF EARLY CHILDHOOD DEVELOPMENT**
6 **AND BEFORE- AND AFTER-SCHOOL CARE RE-**
7 **QUIREMENT.**

8 Section 658H (42 U.S.C. 9858f) is repealed.

9 **SEC. 709. ADMINISTRATION AND ENFORCEMENT.**

10 Section 658I(b) (42 U.S.C. 9858g(b)) is amended—

11 (1) in paragraph (1), by striking “, and shall
12 have” and all that follows through “(2)”; and

13 (2) in the matter following clause (ii) of para-
14 graph (2)(A), by striking “finding and that” and all
15 that follows through the period and inserting “find-
16 ing and shall require that the State reimburse the
17 Secretary for any funds that were improperly ex-
18 pended for purposes prohibited or not authorized by
19 this subchapter, that the Secretary deduct from the
20 administrative portion of the State allotment for the
21 following fiscal year an amount that is less than or
22 equal to any improperly expended funds, or a com-
23 bination of such options.”.

1 **SEC. 710. PAYMENTS.**

2 Section 658J(c) (42 U.S.C. 9858h(c)) is amended by
3 striking “expended” and inserting “obligated”.

4 **SEC. 711. ANNUAL REPORT AND AUDITS.**

5 Section 658K (42 U.S.C. 9858i) is amended—

6 (1) in the section heading by striking “ANNUAL
7 REPORT” and inserting “REPORTS”;

8 (2) in subsection (a), to read as follows:

9 “(a) REPORTS.—

10 “(1) COLLECTION OF INFORMATION BY
11 STATES.—

12 “(A) IN GENERAL.—A State that receives
13 funds to carry out this subchapter shall collect
14 the information described in subparagraph (B)
15 on a monthly basis.

16 “(B) REQUIRED INFORMATION.—The in-
17 formation required under this subparagraph
18 shall include, with respect to a family unit re-
19 ceiving assistance under this subchapter infor-
20 mation concerning—

21 “(i) family income;

22 “(ii) county of residence;

23 “(iii) the gender, race, and age of
24 children receiving such assistance;

25 “(iv) whether the family includes only
26 1 parent;

1 “(v) the sources of family income, in-
2 cluding the amount obtained from (and
3 separately identified)—

4 “(I) employment, including self-
5 employment;

6 “(II) cash or other assistance
7 under part A of title IV of the Social
8 Security Act;

9 “(III) housing assistance;

10 “(IV) assistance under the Food
11 Stamp Act of 1977; and

12 “(V) other assistance programs;

13 “(vi) the number of months the family
14 has received benefits;

15 “(vii) the type of child care in which
16 the child was enrolled (such as family child
17 care, home care, or center-based child
18 care);

19 “(viii) whether the child care provider
20 involved was a relative;

21 “(ix) the cost of child care for such
22 families; and

23 “(x) the average hours per week of
24 such care;

1 during the period for which such information is
2 required to be submitted.

3 “(C) SUBMISSION TO SECRETARY.—A
4 State described in subparagraph (A) shall, on a
5 quarterly basis, submit the information required
6 to be collected under subparagraph (B) to the
7 Secretary.

8 “(D) SAMPLING.—The Secretary may dis-
9 approve the information collected by a State
10 under this paragraph if the State uses sampling
11 methods to collect such information.

12 “(2) BIENNIAL REPORTS.—Not later than De-
13 cember 31, 1997, and every 6 months thereafter, a
14 State described in paragraph (1)(A) shall prepare
15 and submit to the Secretary a report that includes
16 aggregate data concerning—

17 “(A) the number of child care providers
18 that received funding under this subchapter as
19 separately identified based on the types of pro-
20 viders listed in section 658P(5);

21 “(B) the monthly cost of child care serv-
22 ices, and the portion of such cost that is paid
23 for with assistance provided under this sub-
24 chapter, listed by the type of child care services
25 provided;

1 “(C) the number of payments made by the
2 State through vouchers, contracts, cash, and
3 disregards under public benefit programs, listed
4 by the type of child care services provided;

5 “(D) the manner in which consumer edu-
6 cation information was provided to parents and
7 the number of parents to whom such informa-
8 tion was provided; and

9 “(E) the total number (without duplica-
10 tion) of children and families served under this
11 subchapter;

12 during the period for which such report is required
13 to be submitted.”; and

14 (2) in subsection (b)—

15 (A) in paragraph (1) by striking “a appli-
16 cation” and inserting “an application”;

17 (B) in paragraph (2) by striking “any
18 agency administering activities that receive”
19 and inserting “the State that receives”; and

20 (C) in paragraph (4) by striking “entitles”
21 and inserting “entitled”.

22 **SEC. 712. REPORT BY THE SECRETARY.**

23 Section 658L (42 U.S.C. 9858j) is amended—

24 (1) by striking “1993” and inserting “1997”;

1 (2) by striking “annually” and inserting “bien-
2 nially”; and

3 (3) by striking “Education and Labor” and in-
4 serting “Economic and Educational Opportunities”.

5 **SEC. 713. ALLOTMENTS.**

6 Section 658O (42 U.S.C. 9858m) is amended—

7 (1) in subsection (a)—

8 (A) in paragraph (1)

9 (i) by striking “POSSESSIONS” and in-
10 serting “POSSESSIONS”;

11 (ii) by inserting “and” after
12 “States,”; and

13 (iii) by striking “, and the Trust Ter-
14 ritory of the Pacific Islands”; and

15 (B) in paragraph (2), by striking “3 per-
16 cent” and inserting “1 percent”;

17 (2) in subsection (c)—

18 (A) in paragraph (5) by striking “our” and
19 inserting “out”; and

20 (B) by adding at the end thereof the fol-
21 lowing new paragraph:

22 “(6) CONSTRUCTION OR RENOVATION OF FA-
23 CILITIES.—

24 “(A) REQUEST FOR USE OF FUNDS.—An
25 Indian tribe or tribal organization may submit

1 to the Secretary a request to use amounts pro-
2 vided under this subsection for construction or
3 renovation purposes.

4 “(B) DETERMINATION.—With respect to a
5 request submitted under subparagraph (A), and
6 except as provided in subparagraph (C), upon a
7 determination by the Secretary that adequate
8 facilities are not otherwise available to an In-
9 dian tribe or tribal organization to enable such
10 tribe or organization to carry out child care
11 programs in accordance with this subchapter,
12 and that the lack of such facilities will inhibit
13 the operation of such programs in the future,
14 the Secretary may permit the tribe or organiza-
15 tion to use assistance provided under this sub-
16 section to make payments for the construction
17 or renovation of facilities that will be used to
18 carry out such programs.

19 “(C) LIMITATION.—The Secretary may not
20 permit an Indian tribe or tribal organization to
21 use amounts provided under this subsection for
22 construction or renovation if such use will re-
23 sult in a decrease in the level of child care serv-
24 ices provided by the tribe or organization as
25 compared to the level of such services provided

1 by the tribe or organization in the fiscal year
2 preceding the year for which the determination
3 under subparagraph (A) is being made.

4 “(D) UNIFORM PROCEDURES.—The Sec-
5 retary shall develop and implement uniform
6 procedures for the solicitation and consideration
7 of requests under this paragraph.”; and

8 (3) in subsection (e), by adding at the end
9 thereof the following new paragraph:

10 “(4) INDIAN TRIBES OR TRIBAL ORGANIZA-
11 TIONS.—Any portion of a grant or contract made to
12 an Indian tribe or tribal organization under sub-
13 section (c) that the Secretary determines is not
14 being used in a manner consistent with the provision
15 of this subchapter in the period for which the grant
16 or contract is made available, shall be allotted by the
17 Secretary to other tribes or organizations that have
18 submitted applications under subsection (c) in ac-
19 cordance with their respective needs.”.

20 **SEC. 714. DEFINITIONS.**

21 Section 658P (42 U.S.C. 9858n) is amended—

22 (1) in paragraph (2), in the first sentence by
23 inserting “or as a deposit for child care services if
24 such a deposit is required of other children being

1 cared for by the provider” after “child care serv-
2 ices”; and

3 (2) by striking paragraph (3);

4 (3) in paragraph (4)(B), by striking “75 per-
5 cent” and inserting “85 percent”;

6 (4) in paragraph (5)(B)—

7 (A) by inserting “great grandchild, sibling
8 (if such provider lives in a separate residence),”
9 after “grandchild,”;

10 (B) by striking “is registered and”; and

11 (C) by striking “State” and inserting “ap-
12 plicable”.

13 (5) by striking paragraph (10);

14 (6) in paragraph (13)—

15 (A) by inserting “or” after “Samoa,”; and

16 (B) by striking “, and the Trust Territory
17 of the Pacific Islands”;

18 (7) in paragraph (14)—

19 (A) by striking “The term” and inserting
20 the following:

21 “(A) IN GENERAL.—The term”; and

22 (B) by adding at the end thereof the fol-
23 lowing new subparagraph:

24 “(B) OTHER ORGANIZATIONS.—Such term
25 includes a Native Hawaiian Organization, as

1 defined in section 4009(4) of the Augustus F.
2 Hawkins-Robert T. Stafford Elementary and
3 Secondary School Improvement Amendments of
4 1988 (20 U.S.C. 4909(4)) and a private non-
5 profit organization established for the purpose
6 of serving youth who are Indians or Native Ha-
7 waiians.”.

8 **SEC. 715. REPEALS.**

9 (a) CHILD DEVELOPMENT ASSOCIATE SCHOLARSHIP
10 ASSISTANCE ACT OF 1985.—Title VI of the Human Serv-
11 ices Reauthorization Act of 1986 (42 U.S.C. 10901–
12 10905) is repealed.

13 (b) STATE DEPENDENT CARE DEVELOPMENT
14 GRANTS ACT.—Subchapter E of chapter 8 of subtitle A
15 of title VI of the Omnibus Budget Reconciliation Act of
16 1981 (42 U.S.C. 9871–9877) is repealed.

17 (c) PROGRAMS OF NATIONAL SIGNIFICANCE.—Title
18 X of the Elementary and Secondary Education Act of
19 1965, as amended by Public Law 103–382 (108 Stat.
20 3809 et seq.), is amended—

21 (1) in section 10413(a) by striking paragraph
22 (4),

23 (2) in section 10963(b)(2) by striking subpara-
24 graph (G), and

1 (3) in section 10974(a)(6) by striking subpara-
2 graph (G).

3 (d) NATIVE HAWAIIAN FAMILY-BASED EDUCATION
4 CENTERS.—Section 9205 of the Native Hawaiian Edu-
5 cation Act (Public Law 103–382; 108 Stat. 3794) is re-
6 pealed.

7 **SEC. 716. EFFECTIVE DATE.**

8 (a) IN GENERAL.—Except as provided in subsection
9 (b), this title and the amendments made by this title shall
10 take effect on October 1, 1996.

11 (b) EXCEPTION.—The amendment made by section
12 803(a) shall take effect on the date of enactment of this
13 Act.

14 **TITLE VIII—CHILD NUTRITION**
15 **PROGRAMS**
16 **Subtitle A—National School Lunch**
17 **Act**

18 **SEC. 801. VALUE OF FOOD ASSISTANCE.**

19 (a) IN GENERAL.—Section 6(e)(1) of the National
20 School Lunch Act (42 U.S.C. 1755(e)(1)) is amended by
21 striking subparagraph (B) and inserting the following:

22 “(B) ADJUSTMENTS.—

23 “(i) IN GENERAL.—The value of food
24 assistance for each meal shall be adjusted
25 each July 1 by the annual percentage

1 change in a 3-month average value of the
2 Price Index for Foods Used in Schools and
3 Institutions for March, April, and May
4 each year.

5 “(ii) ADJUSTMENTS.—Except as oth-
6 erwise provided in this subparagraph, in
7 the case of each school year, the Secretary
8 shall—

9 “(I) base the adjustment made
10 under clause (i) on the amount of the
11 unrounded adjustment for the preced-
12 ing school year;

13 “(II) adjust the resulting amount
14 in accordance with clause (i); and

15 “(III) round the result to the
16 nearest lower cent increment.

17 “(iii) ADJUSTMENT FOR 24-MONTH
18 PERIOD BEGINNING JULY 1, 1996.—In the
19 case of the 24-month period beginning
20 July 1, 1996, the value of food assistance
21 shall be the same as the value of food as-
22 sistance in effect on June 30, 1996.

23 “(iv) ADJUSTMENT FOR SCHOOL YEAR
24 BEGINNING JULY 1, 1998.—In the case of

1 the school year beginning July 1, 1998, the
2 Secretary shall—

3 “(I) base the adjustment made
4 under clause (i) on the amount of the
5 unrounded adjustment for the value of
6 food assistance for the school year be-
7 ginning July 1, 1995;

8 “(II) adjust the resulting amount
9 to reflect the annual percentage
10 change in a 3-month average value of
11 the Price Index for Foods Used in
12 Schools and Institutions for March,
13 April, and May for the most recent
14 12-month period for which the data
15 are available; and

16 “(III) round the result to the
17 nearest lower cent increment.”.

18 (b) EFFECTIVE DATE.—The amendment made by
19 subsection (a) shall become effective on July 1, 1996.

20 **SEC. 802. COMMODITY ASSISTANCE.**

21 (a) IN GENERAL.—Section 6(g) of the National
22 School Lunch Act (42 U.S.C. 1755(g)) is amended by
23 striking “12 percent” and inserting “8 percent”.

24 (b) EFFECTIVE DATE.—The amendment made by
25 subsection (a) shall become effective on July 1, 1996.

1 **SEC. 803. STATE DISBURSEMENT TO SCHOOLS.**

2 (a) IN GENERAL.—Section 8 of the National School
3 Lunch Act (42 U.S.C. 1757) is amended—

4 (1) in the third sentence, by striking “Nothing”
5 and all that follows through “educational agency to”
6 and inserting “The State educational agency may”;

7 (2) by striking the fourth, fifth, and eighth sen-
8 tences;

9 (3) by redesignating the first through sixth sen-
10 tences, as amended by paragraph (1), as subsections
11 (a) through (f), respectively;

12 (4) in subsection (b), as redesignated by para-
13 graph (3), by striking “the preceding sentence” and
14 inserting “subsection (a)”; and

15 (5) in subsection (d), as redesignated by para-
16 graph (3), by striking “Such food costs” and insert-
17 ing “Use of funds paid to States”.

18 (b) DEFINITION OF CHILD.—Section 12(d) of the Act
19 (42 U.S.C. 1760(d)) is amended by adding at the end the
20 following:

21 “(9) ‘child’ includes an individual, regardless of
22 age, who—

23 “(A) is determined by a State educational
24 agency, in accordance with regulations pre-
25 scribed by the Secretary, to have 1 or more
26 mental or physical disabilities; and

1 “(B) is attending any institution, as de-
2 fined in section 17(a), or any nonresidential
3 public or nonprofit private school of high school
4 grade or under, for the purpose of participating
5 in a school program established for individuals
6 with mental or physical disabilities.

7 No institution that is not otherwise eligible to par-
8 ticipate in the program under section 17 shall be
9 considered eligible because of this paragraph.”.

10 **SEC. 804. NUTRITIONAL AND OTHER PROGRAM REQUIRE-**
11 **MENTS.**

12 (a) NUTRITIONAL STANDARDS.—Section 9(a) of the
13 National School Lunch Act (42 U.S.C. 1758(a)) is amend-
14 ed—

15 (1) in paragraph (2)—

16 (A) by striking “(2)(A) Lunches” and in-
17 serting “(2) Lunches”;

18 (B) by striking subparagraph (B); and

19 (C) by redesignating clauses (i) and (ii) as
20 subparagraphs (A) and (B), respectively;

21 (2) by striking paragraph (3); and

22 (3) by redesignating paragraph (4) as para-
23 graph (3).

24 (b) ELIGIBILITY GUIDELINES.—Section 9(b) of the
25 Act is amended—

1 (1) in paragraph (2)—

2 (A) by striking subparagraph (A); and

3 (B) by redesignating subparagraphs (B)

4 and (C) as subparagraphs (A) and (B), respec-
5 tively;

6 (2) in paragraph (5), by striking the third sen-
7 tence; and

8 (3) in paragraph (6), by striking “paragraph
9 (2)(C)” and inserting “paragraph (2)(B)”.

10 (c) UTILIZATION OF AGRICULTURAL COMMOD-
11 ITIES.—Section 9(c) of the Act is amended by striking the
12 second, fourth, and sixth sentences.

13 (d) CONFORMING AMENDMENT.—The last sentence
14 of section 9(d)(1) of the Act is amended by striking “sub-
15 section (b)(2)(C)” and inserting “subsection (b)(2)(B)”.

16 (e) NUTRITIONAL INFORMATION.—Section 9(f) of the
17 Act is amended—

18 (1) by striking paragraph (1);

19 (2) by striking “(2)”;

20 (3) by redesignating subparagraphs (A) through
21 (D) as paragraphs (1) through (4), respectively;

22 (4) by striking paragraph (1), as redesignated
23 by paragraph (3), and inserting the following:

24 “(1) NUTRITIONAL REQUIREMENTS.—Except as
25 provided in paragraph (2), not later than the first

1 day of the 1996–1997 school year, schools that are
2 participating in the school lunch or school breakfast
3 program shall serve lunches and breakfasts under
4 the program that—

5 “(A) are consistent with the goals of the
6 most recent Dietary Guidelines for Americans
7 published under section 301 of the National
8 Nutrition Monitoring and Related Research Act
9 of 1990 (7 U.S.C. 5341); and

10 “(B) provide, on the average over each
11 week, at least—

12 “(i) with respect to school lunches, $\frac{1}{3}$
13 of the daily recommended dietary allow-
14 ance established by the Food and Nutrition
15 Board of the National Research Council of
16 the National Academy of Sciences; and

17 “(ii) with respect to school breakfasts,
18 $\frac{1}{4}$ of the daily recommended dietary allow-
19 ance established by the Food and Nutrition
20 Board of the National Research Council of
21 the National Academy of Sciences.”;

22 (5) in paragraph (3), as redesignated by para-
23 graph (3)—

24 (A) by redesignating clauses (i) and (ii) as
25 subparagraphs (A) and (B), respectively; and

1 (B) in subparagraph (A), as so redesign-
2 nated, by redesignating subclauses (I) and (II)
3 as clauses (i) and (ii), respectively; and

4 (6) in paragraph (4), as redesignated by para-
5 graph (3), by striking the first sentence and insert-
6 ing the following: “Schools may use any reasonable
7 approach to meet the requirements of this para-
8 graph, including any approach described in para-
9 graph (3).”.

10 (f) USE OF RESOURCES.—Section 9 of the Act is
11 amended by striking subsection (h).

12 **SEC. 805. FREE AND REDUCED PRICE POLICY STATEMENT.**

13 Section 9(b)(2) of the National School Lunch Act (42
14 U.S.C. 1758(b)(2)), as amended by section 802(b)(1), is
15 further amended by adding at the end the following:

16 “(C) FREE AND REDUCED PRICE POLICY
17 STATEMENT.—After the initial submission, a
18 school shall not be required to submit a free
19 and reduced price policy statement to a State
20 educational agency under this Act unless there
21 is a substantive change in the free and reduced
22 price policy of the school. A routine change in
23 the policy of a school, such as an annual adjust-
24 ment of the income eligibility guidelines for free
25 and reduced price meals, shall not be sufficient

1 cause for requiring the school to submit a policy
2 statement.”.

3 **SEC. 806. SPECIAL ASSISTANCE.**

4 (a) REIMBURSEMENT RATES FOR LUNCHESES, BREAK-
5 FASTS, AND SUPPLEMENTS.—

6 (1) IN GENERAL.—Section 11(a)(3)(B) of the
7 National School Lunch Act (42 U.S.C.
8 1759a(a)(3)(B)) is amended—

9 (A) by designating the second and third
10 sentences as subparagraphs (C) and (D), re-
11 spectively; and

12 (B) by striking subparagraph (D) (as so
13 designated) and inserting the following:

14 “(D) ROUNDING.—Except as otherwise
15 provided in this paragraph, in the case of each
16 school year, the Secretary shall—

17 “(i) base the adjustment made under
18 this paragraph on the amount of the
19 unrounded adjustment for the preceding
20 school year;

21 “(ii) adjust the resulting amount in
22 accordance with subparagraphs (B) and
23 (C); and

24 “(iii) round the result to the nearest
25 lower cent increment.

1 “(E) ADJUSTMENT FOR 12-MONTH PERIOD
2 BEGINNING JULY 1, 1996.—In the case of the
3 12-month period beginning July 1, 1996, the
4 national average payment rates for paid
5 lunches, paid breakfasts, and paid supplements
6 shall be the same as the national average pay-
7 ment rate for paid lunches, paid breakfasts, and
8 paid supplements, respectively, for the school
9 year beginning July 1, 1995, rounded to the
10 nearest lower cent increment.

11 “(F) ADJUSTMENT FOR SCHOOL YEAR BE-
12 GINNING JULY 1, 1997.—In the case of the
13 school year beginning July 1, 1997, the Sec-
14 retary shall—

15 “(i) base the adjustments made under
16 this paragraph for—

17 “(I) paid lunches and paid break-
18 fasts on the amount of the unrounded
19 adjustment for paid lunches for the
20 school year beginning July 1, 1996;
21 and

22 “(II) paid supplements on the
23 amount of the unrounded adjustment
24 for paid supplements for the school
25 year beginning July 1, 1996;

1 “(ii) adjust each resulting amount in
 2 accordance with subparagraph (C); and
 3 “(iii) round each result to the nearest
 4 lower cent increment.”.

5 (2) EFFECTIVE DATE.—The amendments made
 6 by paragraph (1) shall become effective on July 1,
 7 1996.

8 (b) FINANCING BASED ON NEED.—Section 11(b) of
 9 the Act is amended—

10 (1) in the second sentence, by striking “, with-
 11 in” and all that follows through “all States,”; and
 12 (2) by striking the third sentence.

13 (c) APPLICABILITY OF OTHER PROVISIONS.—Section
 14 11 of the Act is amended—

15 (1) by striking subsection (d);

16 (2) in subsection (e)(2)—

17 (A) by striking “The” and inserting “On
 18 request of the Secretary, the”; and

19 (B) by striking “each month”; and

20 (3) by redesignating subsections (e) and (f), as
 21 so amended, as subsections (d) and (e), respectively.

22 **SEC. 807. MISCELLANEOUS PROVISIONS AND DEFINITIONS.**

23 (a) ACCOUNTS AND RECORDS.—Section 12(a) of the
 24 National School Lunch Act (42 U.S.C. 1760(a)) is amend-

1 ed by striking “at all times be available” and inserting
2 “be available at any reasonable time”.

3 (b) RESTRICTION ON REQUIREMENTS.—Section
4 12(c) of the Act is amended by striking “neither the Sec-
5 retary nor the State shall” and inserting “the Secretary
6 shall not”.

7 (c) DEFINITIONS.—Section 12(d) of the Act, as
8 amended by section 801(b), is further amended—

9 (1) in paragraph (1), by striking “the Trust
10 Territory of the Pacific Islands” and inserting “the
11 Commonwealth of the Northern Mariana Islands”;

12 (2) by striking paragraphs (3) and (4); and

13 (3) by redesignating paragraphs (1), (2), and
14 (5) through (9) as paragraphs (6), (7), (3), (4), (2),
15 (5), and (1), respectively, and rearranging the para-
16 graphs so as to appear in numerical order.

17 (d) ADJUSTMENTS TO NATIONAL AVERAGE PAY-
18 MENT RATES.—Section 12(f) of the Act is amended by
19 striking “the Trust Territory of the Pacific Islands,”.

20 (e) EXPEDITED RULEMAKING.—Section 12(k) of the
21 Act is amended—

22 (1) by striking paragraphs (1), (2), and (5);
23 and

24 (2) by redesignating paragraphs (3) and (4) as
25 paragraphs (1) and (2), respectively.

1 (f) WAIVER.—Section 12(l) of the Act is amended—

2 (1) in paragraph (1)(A)(i), by inserting after
3 “program” the following: “and would not have the
4 effect of transferring funds or commodities from the
5 support of meals for children with incomes below the
6 income criteria for free or reduced price meals, as
7 provided in section 9(b)”;

8 (2) in paragraph (2)—

9 (A) by striking “(A)”;

10 (B) in clause (iii), by adding “and” at the
11 end;

12 (C) in clause (iv), by striking the semicolon
13 at the end and inserting a period;

14 (D) by striking clauses (v) through (vii);

15 (E) by striking subparagraph (B); and

16 (F) by redesignating clauses (i) through
17 (iv), as so amended, as subparagraphs (A)
18 through (D), respectively;

19 (3) in paragraph (3)—

20 (A) by striking “(A)”;

21 (B) by striking subparagraphs (B) through
22 (D);

23 (4) in paragraph (4)—

24 (A) in the matter preceding subparagraph
25 (A), by striking “of any requirement relating”

1 and inserting “that increases Federal costs or
2 that relates”;

3 (B) by striking subparagraphs (B), (D),
4 (F), (H), (J), (K), and (L);

5 (C) by redesignating subparagraphs (C),
6 (E), (G), (I), (M), and (N) as subparagraphs
7 (B) through (G), respectively; and

8 (D) in subparagraph (F), as redesignated
9 by subparagraph (C), by striking “and” at the
10 end and inserting “or”; and

11 (5) in paragraph (6)—

12 (A) by striking “(A)(i)” and all that fol-
13 lows through “(B)”;

14 (B) by redesignating clauses (i) through
15 (iv) as subparagraphs (A) through (D), respec-
16 tively.

17 (g) FOOD AND NUTRITION PROJECTS.—Section 12
18 of the Act is amended by striking subsection (m).

19 **SEC. 808. SUMMER FOOD SERVICE PROGRAM FOR CHIL-**
20 **DREN.**

21 (a) ESTABLISHMENT OF PROGRAM.—Section 13(a)
22 of the National School Lunch Act (42 U.S.C. 1761(a))
23 is amended—

24 (1) in paragraph (1)—

1 (A) in the first sentence, by striking “initiate,
2 ate, maintain, and expand” and insert “initiate
3 and maintain”; and

4 (B) in subparagraph (E) of the second
5 sentence, by striking “the Trust Territory of
6 the Pacific Islands,”; and

7 (2) in paragraph (7)(A), by striking “Except as
8 provided in subparagraph (C), private” and inserting
9 “Private”.

10 (b) SERVICE INSTITUTIONS.—Section 13(b) of the
11 Act is amended by striking “(b)(1)” and all that follows
12 through the end of paragraph (1) and inserting the follow-
13 ing:

14 “(b) SERVICE INSTITUTIONS.—

15 “(1) PAYMENTS.—

16 “(A) IN GENERAL.—Except as otherwise
17 provided in this paragraph, payments to service
18 institutions shall equal the full cost of food
19 service operations (which cost shall include the
20 costs of obtaining, preparing, and serving food,
21 but shall not include administrative costs).

22 “(B) MAXIMUM AMOUNTS.—Subject to
23 subparagraph (C), payments to any institution
24 under subparagraph (A) shall not exceed—

1 “(i) \$2.00 for each lunch and supper
2 served;

3 “(ii) \$1.20 for each breakfast served;
4 and

5 “(iii) 50 cents for each meal supple-
6 ment served.

7 “(C) ADJUSTMENTS.—Amounts specified
8 in subparagraph (B) shall be adjusted each
9 January 1 to the nearest lower cent increment
10 in accordance with the changes for the 12-
11 month period ending the preceding November
12 30 in the series for food away from home of the
13 Consumer Price Index for All Urban Consum-
14 ers published by the Bureau of Labor Statistics
15 of the Department of Labor. Each adjustment
16 shall be based on the unrounded adjustment for
17 the prior 12-month period.”.

18 (c) ADMINISTRATION OF SERVICE INSTITUTIONS.—
19 Section 13(b)(2) of the Act is amended—

20 (1) in the first sentence, by striking “four
21 meals” and inserting “3 meals, or 2 meals and 1
22 supplement,”; and

23 (2) by striking the second sentence.

24 (d) REIMBURSEMENTS.—Section 13(c)(2) of the Act
25 is amended—

1 (1) by striking subparagraph (A);

2 (2) in subparagraph (B)—

3 (A) in the first sentence—

4 (i) by striking “, and such higher edu-
5 cation institutions,”; and

6 (ii) by striking “without application”
7 and inserting “upon showing residence in
8 areas in which poor economic conditions
9 exist or on the basis of income eligibility
10 statements for children enrolled in the pro-
11 gram”; and

12 (B) by adding at the end the following:

13 “The higher education institutions referred to
14 in the preceding sentence shall be eligible to
15 participate in the program under this para-
16 graph without application.”;

17 (3) in subparagraph (C)(ii), by striking “severe
18 need”; and

19 (4) by redesignating subparagraphs (B)
20 through (E), as so amended, as subparagraphs (A)
21 through (D), respectively.

22 (e) ADVANCE PROGRAM PAYMENTS.—Section
23 13(e)(1) of the Act is amended—

24 (1) by striking “institution: *Provided*, That (A)
25 the” and inserting “institution. The”;

1 (2) by inserting “(excluding a school)” after
2 “any service institution”; and

3 (3) by striking “responsibilities, and (B) no”
4 and inserting “responsibilities. No”.

5 (f) FOOD REQUIREMENTS.—Section 13(f) of the Act
6 is amended—

7 (1) by redesignating the first through seventh
8 sentences as paragraphs (1) through (7), respec-
9 tively;

10 (2) by striking paragraph (3), as redesignated
11 by paragraph (1);

12 (3) in paragraph (4), as redesignated by para-
13 graph (1), by striking “the first sentence” and in-
14 serting “paragraph (1)”;

15 (4) in paragraph (6), as redesignated by para-
16 graph (1), by striking “that bacteria levels” and all
17 that follows through the period at the end and in-
18 serting “conformance with standards set by local
19 health authorities.”; and

20 (5) by redesignating paragraphs (4) through
21 (7), as redesignated by paragraph (1), as para-
22 graphs (3) through (6), respectively.

23 (g) PERMITTING OFFER VERSUS SERVE.—Section
24 13(f) of the Act, as amended by subsection (f), is further
25 amended by adding at the end the following:

1 “(7) OFFER VERSUS SERVE.—A school food au-
2 thority participating as a service institution may
3 permit a child attending a site on school premises
4 operated directly by the authority to refuse not more
5 than 1 item of a meal that the child does not intend
6 to consume. A refusal of an offered food item shall
7 not affect the amount of payments made under this
8 section to a school for the meal.”.

9 (h) HEALTH DEPARTMENT INSPECTIONS.—Section
10 13(k) of the Act is amended by striking paragraph (3).

11 (i) FOOD SERVICE MANAGEMENT COMPANIES.—Sec-
12 tion 13(l) of the Act is amended—

13 (1) by striking paragraph (4);

14 (2) in paragraph (5), by striking the first sen-
15 tence; and

16 (3) by redesignating paragraph (5), as so
17 amended, as paragraph (4).

18 (j) RECORDS.—The second sentence of section 13(m)
19 of the Act is amended by striking “at all times be avail-
20 able” and inserting “be available at any reasonable time”.

21 (k) REMOVING MANDATORY NOTICE TO INSTITU-
22 TIONS.—Section 13(n)(2) of the Act is amended by strik-
23 ing “, and its plans and schedule for informing service
24 institutions of the availability of the program”.

25 (l) PLAN.—Section 13(n) of the Act is amended—

1 (1) in paragraph (2), by striking “including the
2 State’s methods of assessing need”;

3 (2) by striking paragraph (3);

4 (3) in paragraph (4), by striking “and sched-
5 ule”; and

6 (4) by redesignating paragraphs (4) through
7 (7), as so amended, as paragraphs (3) through (6),
8 respectively.

9 (m) MONITORING AND TRAINING.—Section 13(q) of
10 the Act is amended—

11 (1) by striking paragraphs (2) and (4);

12 (2) in paragraph (3), by striking “paragraphs
13 (1) and (2) of this subsection” and inserting “para-
14 graph (1)”; and

15 (3) by redesignating paragraph (3), as so
16 amended, as paragraph (2).

17 (n) EXPIRED PROGRAM.—Section 13 of the Act is
18 amended—

19 (1) by striking subsection (p); and

20 (2) by redesignating subsections (q) and (r), as
21 so amended, as subsections (p) and (q), respectively.

22 (o) EFFECTIVE DATE.—The amendments made by
23 subsection (b) shall become effective on January 1, 1996.

1 **SEC. 809. COMMODITY DISTRIBUTION.**

2 (a) CEREAL AND SHORTENING IN COMMODITY DO-
3 NATIONS.—Section 14(b) of the National School Lunch
4 Act (42 U.S.C. 1762a(b)) is amended—

5 (1) by striking paragraph (1); and

6 (2) by redesignating paragraphs (2) and (3) as
7 paragraphs (1) and (2), respectively.

8 (b) IMPACT STUDY AND PURCHASING PROCE-
9 DURES.—Section 14(d) of the Act is amended by striking
10 the second and third sentences.

11 (c) CASH COMPENSATION FOR PILOT PROJECT
12 SCHOOLS.—Section 14(g) of the Act is amended by strik-
13 ing paragraph (3).

14 (d) STATE ADVISORY COUNCIL.—Section 14 is
15 amended—

16 (1) by striking subsection (e); and

17 (2) by redesignating subsections (f) and (g), as
18 so amended, as subsections (e) and (f), respectively.

19 **SEC. 810. CHILD CARE FOOD PROGRAM.**

20 (a) ESTABLISHMENT OF PROGRAM.—Section 17 of
21 the National School Lunch Act (42 U.S.C. 1766) is
22 amended—

23 (1) in the section heading, by striking “AND
24 ADULT”; and

1 (2) in the first sentence of subsection (a), by
2 striking “initiate, maintain, and expand” and insert-
3 ing “initiate and maintain”.

4 (b) INSTITUTIONS PROVIDING CHILD CARE.—Sec-
5 tion 17(a) of the Act (42 U.S.C. 1766(a)) is amended—

6 (1) in the second sentence—

7 (A) by inserting “the Child Care and De-
8 velopment Block Grant Act of 1990 (42 U.S.C.
9 9858 et seq.) or” after “from amounts granted
10 to the States under”; and

11 (B) by striking “(but only if” and all that
12 follows and inserting a period; and

13 (2) in the fourth sentence, by striking “Reim-
14 bursement” and inserting “Notwithstanding the type
15 of institution providing the meal or supplement, re-
16 imbursement”.

17 (c) PAYMENTS TO SPONSOR EMPLOYEES.—Para-
18 graph (2) of the last sentence of section 17(a) of the Act
19 (42 U.S.C. 1766(a)) is amended—

20 (1) by striking “and” at the end of subpara-
21 graph (B);

22 (2) by striking the period at the end of sub-
23 paragraph (C) and inserting “; and”; and

24 (3) by adding at the end the following:

1 “(D) in the case of a family or group day
 2 care home sponsoring organization that employs
 3 more than 1 employee, the organization does
 4 not base payments to an employee of the orga-
 5 nization on the number of family or group day
 6 care homes recruited.”.

7 (d) TECHNICAL ASSISTANCE.—The last sentence of
 8 section 17(d)(1) of the Act is amended by striking “, and
 9 shall provide technical assistance” and all that follows
 10 through “its application”.

11 (e) IMPROVED TARGETING OF DAY CARE HOME RE-
 12 IMBURSEMENTS.—

13 (1) RESTRUCTURED DAY CARE HOME REIM-
 14 BURSEMENTS.—Section 17(f)(3) of the Act is
 15 amended by striking “(3)(A) Institutions” and all
 16 that follows through the end of subparagraph (A)
 17 and inserting the following:

18 “(3) REIMBURSEMENT OF FAMILY OR GROUP
 19 DAY CARE HOME SPONSORING ORGANIZATIONS.—

20 “(A) REIMBURSEMENT FACTOR.—

21 “(i) IN GENERAL.—An institution
 22 that participates in the program under this
 23 section as a family or group day care home
 24 sponsoring organization shall be provided,
 25 for payment to a home sponsored by the

1 organization, reimbursement factors in ac-
2 cordance with this subparagraph for the
3 cost of obtaining and preparing food and
4 prescribed labor costs involved in providing
5 meals under this section.

6 “(ii) TIER I FAMILY OR GROUP DAY
7 CARE HOMES.—

8 “(I) DEFINITION.—In this para-
9 graph, the term ‘tier I family or group
10 day care home’ means—

11 “(aa) a family or group day
12 care home that is located in a ge-
13 ographic area, as defined by the
14 Secretary based on census data,
15 in which at least 50 percent of
16 the children residing in the area
17 are members of households whose
18 incomes meet the income eligi-
19 bility guidelines for free or re-
20 duced price meals under section
21 9;

22 “(bb) a family or group day
23 care home that is located in an
24 area served by a school enrolling
25 elementary students in which at

1 least 50 percent of the total num-
2 ber of children enrolled are cer-
3 tified eligible to receive free or
4 reduced price school meals under
5 this Act or the Child Nutrition
6 Act of 1966 (42 U.S.C. 1771 et
7 seq.); or

8 “(cc) a family or group day
9 care home that is operated by a
10 provider whose household meets
11 the income eligibility guidelines
12 for free or reduced price meals
13 under section 9 and whose in-
14 come is verified by the sponsor-
15 ing or organization of the home
16 under regulations established by
17 the Secretary.

18 “(II) REIMBURSEMENT.—Except
19 as provided in subclause (III), a tier
20 I family or group day care home shall
21 be provided reimbursement factors
22 under this clause without a require-
23 ment for documentation of the costs
24 described in clause (i), except that re-
25 imbursement shall not be provided

1 under this subclause for meals or sup-
2 plements served to the children of a
3 person acting as a family or group
4 day care home provider unless the
5 children meet the income eligibility
6 guidelines for free or reduced price
7 meals under section 9.

8 “(III) FACTORS.—Except as pro-
9 vided in subclause (IV), the reim-
10 bursement factors applied to a home
11 referred to in subclause (II) shall be
12 the factors in effect on the date of en-
13 actment of this subclause.

14 “(IV) ADJUSTMENTS.—The re-
15 imbursement factors under this sub-
16 paragraph shall be adjusted on Au-
17 gust 1, 1996, July 1, 1997, and each
18 July 1 thereafter, to reflect changes in
19 the Consumer Price Index for food at
20 home for the most recent 12-month
21 period for which the data are avail-
22 able. The reimbursement factors
23 under this subparagraph shall be
24 rounded to the nearest lower cent in-
25 crement and based on the unrounded

1 adjustment in effect on June 30 of
2 the preceding school year.

3 “(iii) TIER II FAMILY OR GROUP DAY
4 CARE HOMES.—

5 “(I) IN GENERAL.—

6 “(aa) FACTORS.—Except as
7 provided in subclause (II), with
8 respect to meals or supplements
9 served under this clause by a
10 family or group day care home
11 that does not meet the criteria
12 set forth in clause (ii)(I), the re-
13 imbursement factors shall be
14 \$1.00 for lunches and suppers,
15 30 cents for breakfasts, and 15
16 cents for supplements.

17 “(bb) ADJUSTMENTS.—The
18 factors shall be adjusted on July
19 1, 1997, and each July 1 there-
20 after, to reflect changes in the
21 Consumer Price Index for food at
22 home for the most recent 12-
23 month period for which the data
24 are available. The reimbursement
25 factors under this item shall be

1 rounded down to the nearest
2 lower cent increment and based
3 on the unrounded adjustment for
4 the preceding 12-month period.

5 “(cc) REIMBURSEMENT.—A
6 family or group day care home
7 shall be provided reimbursement
8 factors under this subclause with-
9 out a requirement for docu-
10 mentation of the costs described
11 in clause (i), except that reim-
12 bursement shall not be provided
13 under this subclause for meals or
14 supplements served to the chil-
15 dren of a person acting as a fam-
16 ily or group day care home pro-
17 vider unless the children meet the
18 income eligibility guidelines for
19 free or reduced price meals under
20 section 9.

21 “(II) OTHER FACTORS.—A fam-
22 ily or group day care home that does
23 not meet the criteria set forth in
24 clause (ii)(I) may elect to be provided
25 reimbursement factors determined in

1 accordance with the following require-
2 ments:

3 “(aa) CHILDREN ELIGIBLE
4 FOR FREE OR REDUCED PRICE
5 MEALS.—In the case of meals or
6 supplements served under this
7 subsection to children who are
8 members of households whose in-
9 comes meet the income eligibility
10 guidelines for free or reduced
11 price meals under section 9, the
12 family or group day care home
13 shall be provided reimbursement
14 factors set by the Secretary in
15 accordance with clause (ii)(III).

16 “(bb) INELIGIBLE CHIL-
17 DREN.—In the case of meals or
18 supplements served under this
19 subsection to children who are
20 members of households whose in-
21 comes do not meet the income
22 eligibility guidelines, the family
23 or group day care home shall be
24 provided reimbursement factors
25 in accordance with subclause (I).

1 “(III) INFORMATION AND DE-
2 TERMINATIONS.—

3 “(aa) IN GENERAL.—If a
4 family or group day care home
5 elects to claim the factors de-
6 scribed in subclause (II), the
7 family or group day care home
8 sponsoring organization serving
9 the home shall collect the nec-
10 essary income information, as de-
11 termined by the Secretary, from
12 any parent or other caretaker to
13 make the determinations speci-
14 fied in subclause (II) and shall
15 make the determinations in ac-
16 cordance with rules prescribed by
17 the Secretary.

18 “(bb) CATEGORICAL ELIGI-
19 BILITY.—In making a determina-
20 tion under item (aa), a family or
21 group day care home sponsoring
22 organization may consider a child
23 participating in or subsidized
24 under, or a child with a parent
25 participating in or subsidized

1 under, a federally or State sup-
2 ported child care or other benefit
3 program with an income eligi-
4 bility limit that does not exceed
5 the eligibility standard for free or
6 reduced price meals under section
7 9 to be a child who is a member
8 of a household whose income
9 meets the income eligibility
10 guidelines under section 9.

11 “(cc) FACTORS FOR CHIL-
12 DREN ONLY.—A family or group
13 day care home may elect to re-
14 ceive the reimbursement factors
15 prescribed under clause (ii)(III)
16 solely for the children participat-
17 ing in a program referred to in
18 item (bb) if the home elects not
19 to have income statements col-
20 lected from parents or other care-
21 takers.

22 “(IV) SIMPLIFIED MEAL COUNT-
23 ING AND REPORTING PROCEDURES.—
24 The Secretary shall prescribe sim-
25 plified meal counting and reporting

1 procedures for use by a family or
2 group day care home that elects to
3 claim the factors under subclause (II)
4 and by a family or group day care
5 home sponsoring organization that
6 sponsors the home. The procedures
7 the Secretary prescribes may include
8 1 or more of the following:

9 “(aa) Setting an annual per-
10 centage for each home of the
11 number of meals served that are
12 to be reimbursed in accordance
13 with the reimbursement factors
14 prescribed under clause (ii)(III)
15 and an annual percentage of the
16 number of meals served that are
17 to be reimbursed in accordance
18 with the reimbursement factors
19 prescribed under subclause (I),
20 based on the family income of
21 children enrolled in the home in a
22 specified month or other period.

23 “(bb) Placing a home into 1
24 of 2 or more reimbursement cat-
25 egories annually based on the

1 percentage of children in the
2 home whose households have in-
3 comes that meet the income eligi-
4 bility guidelines under section 9,
5 with each such reimbursement
6 category carrying a set of reim-
7 bursement factors such as the
8 factors prescribed under clause
9 (ii)(III) or subclause (I) or fac-
10 tors established within the range
11 of factors prescribed under clause
12 (ii)(III) and subclause (I).

13 “(cc) Such other simplified
14 procedures as the Secretary may
15 prescribe.

16 “(V) MINIMUM VERIFICATION
17 REQUIREMENTS.—The Secretary may
18 establish any necessary minimum ver-
19 ification requirements.”.

20 (2) GRANTS TO STATES TO PROVIDE ASSIST-
21 ANCE TO FAMILY OR GROUP DAY CARE HOMES.—
22 Section 17(f)(3) of the Act is amended by adding at
23 the end the following:

1 “(D) GRANTS TO STATES TO PROVIDE AS-
2 SISTANCE TO FAMILY OR GROUP DAY CARE
3 HOMES.—

4 “(i) IN GENERAL.—

5 “(I) RESERVATION.—From
6 amounts made available to carry out
7 this section, the Secretary shall re-
8 serve \$5,000,000 of the amount made
9 available for fiscal year 1996.

10 “(II) PURPOSE.—The Secretary
11 shall use the funds made available
12 under subclause (I) to provide grants
13 to States for the purpose of provid-
14 ing—

15 “(aa) assistance, including
16 grants, to family and day care
17 home sponsoring organizations
18 and other appropriate organiza-
19 tions, in securing and providing
20 training, materials, automated
21 data processing assistance, and
22 other assistance for the staff of
23 the sponsoring organizations; and

24 “(bb) training and other as-
25 sistance to family and group day

1 care homes in the implementation
2 of the amendment to subpara-
3 graph (A) made by section
4 808(d)(1) of the Personal Re-
5 sponsibility and Work Oppor-
6 tunity Act of 1996.

7 “(ii) ALLOCATION.—The Secretary
8 shall allocate from the funds reserved
9 under clause (i)(I)—

10 “(I) \$30,000 in base funding to
11 each State; and

12 “(II) any remaining amount
13 among the States, based on the num-
14 ber of family day care homes partici-
15 pating in the program in a State dur-
16 ing fiscal year 1994 as a percentage
17 of the number of all family day care
18 homes participating in the program
19 during fiscal year 1994.

20 “(iii) RETENTION OF FUNDS.—Of the
21 amount of funds made available to a State
22 for fiscal year 1996 under clause (i), the
23 State may retain not to exceed 30 percent
24 of the amount to carry out this subpara-
25 graph.

1 “(iv) ADDITIONAL PAYMENTS.—Any
2 payments received under this subpara-
3 graph shall be in addition to payments
4 that a State receives under subparagraph
5 (A).”.

6 (3) PROVISION OF DATA.—Section 17(f)(3) of
7 the Act, as amended by paragraph (2), is further
8 amended by adding at the end the following:

9 “(E) PROVISION OF DATA TO FAMILY OR
10 GROUP DAY CARE HOME SPONSORING ORGANI-
11 ZATIONS.—

12 “(i) CENSUS DATA.—The Secretary
13 shall provide to each State agency admin-
14 istering a child care food program under
15 this section data from the most recent de-
16 cennial census survey or other appropriate
17 census survey for which the data are avail-
18 able showing which areas in the State meet
19 the requirements of subparagraph
20 (A)(ii)(I)(aa). The State agency shall pro-
21 vide the data to family or group day care
22 home sponsoring organizations located in
23 the State.

24 “(ii) SCHOOL DATA.—

1 “(I) IN GENERAL.—A State
2 agency administering the school lunch
3 program under this Act or the school
4 breakfast program under the Child
5 Nutrition Act of 1966 (42 U.S.C.
6 1771 et seq.) shall provide to ap-
7 proved family or group day care home
8 sponsoring organizations a list of
9 schools serving elementary school chil-
10 dren in the State in which not less
11 than ½ of the children enrolled are
12 certified to receive free or reduced
13 price meals. The State agency shall
14 collect the data necessary to create
15 the list annually and provide the list
16 on a timely basis to any approved
17 family or group day care home spon-
18 soring organization that requests the
19 list.

20 “(II) USE OF DATA FROM PRE-
21 CEDING SCHOOL YEAR.—In determin-
22 ing for a fiscal year or other annual
23 period whether a home qualifies as a
24 tier I family or group day care home
25 under subparagraph (A)(ii)(I), the

1 State agency administering the pro-
2 gram under this section, and a family
3 or group day care home sponsoring
4 organization, shall use the most cur-
5 rent available data at the time of the
6 determination.

7 “(iii) DURATION OF DETERMINA-
8 TION.—For purposes of this section, a de-
9 termination that a family or group day
10 care home is located in an area that quali-
11 fies the home as a tier I family or group
12 day care home (as the term is defined in
13 subparagraph (A)(ii)(I)), shall be in effect
14 for 3 years (unless the determination is
15 made on the basis of census data, in which
16 case the determination shall remain in ef-
17 fect until more recent census data are
18 available) unless the State agency deter-
19 mines that the area in which the home is
20 located no longer qualifies the home as a
21 tier I family or group day care home.”.

22 (4) CONFORMING AMENDMENTS.—Section 17(c)
23 of the Act is amended by inserting “except as pro-
24 vided in subsection (f)(3),” after “For purposes of

1 this section,” each place it appears in paragraphs
2 (1), (2), and (3).

3 (f) REIMBURSEMENT.—Section 17(f) of the Act is
4 amended—

5 (1) in paragraph (3)—

6 (A) in subparagraph (B), by striking the
7 third and fourth sentences; and

8 (B) in subparagraph (C)—

9 (i) in clause (i)—

10 (I) by striking “(i)”;

11 (II) in the first sentence, by
12 striking “and expansion funds” and
13 all that follows through “rural areas”;

14 (III) by striking the second sen-
15 tence; and

16 (IV) by striking “and expansion
17 funds” each place it appears; and

18 (ii) by striking clause (ii); and

19 (2) by striking paragraph (4).

20 (g) NUTRITIONAL REQUIREMENTS.—Section
21 17(g)(1) of the Act is amended—

22 (1) in subparagraph (A), by striking the second
23 sentence; and

24 (2) in subparagraph (B), by striking the second
25 sentence.

1 (h) ELIMINATION OF STATE PAPERWORK AND OUT-
2 REACH BURDEN.—Section 17 of the Act is amended by
3 striking subsection (k) and inserting the following:

4 “(k) TRAINING AND TECHNICAL ASSISTANCE.—A
5 State participating in the program established under this
6 section shall provide sufficient training, technical assist-
7 ance, and monitoring to facilitate effective operation of the
8 program. The Secretary shall assist the State in develop-
9 ing plans to fulfill the requirements of this subsection.”.

10 (i) RECORDS.—The second sentence of section 17(m)
11 of the Act is amended by striking “at all times” and in-
12 serting “at any reasonable time”.

13 (j) MODIFICATION OF ADULT CARE FOOD PRO-
14 GRAM.—Section 17(o) of the Act is amended—

15 (1) in the first sentence of paragraph (1)—

16 (A) by striking “adult day care centers”
17 and inserting “day care centers for chronically
18 impaired disabled persons”; and

19 (B) by striking “to persons 60 years of age
20 or older or”; and

21 (2) in paragraph (2)—

22 (A) in subparagraph (A)—

23 (i) by striking “adult day care center”
24 and inserting “day care center for chron-
25 ically impaired disabled persons”; and

1 (ii) in clause (i)—

2 (I) by striking “adult”;

3 (II) by striking “adults” and in-
4 serting “persons”; and

5 (III) by striking “or persons 60
6 years of age or older”; and

7 (B) in subparagraph (B), by striking
8 “adult day care services” and inserting “day
9 care services for chronically impaired disabled
10 persons”.

11 (k) UNNEEDED PROVISION.—Section 17 of the Act
12 is amended by striking subsection (q).

13 (l) CONFORMING AMENDMENTS.—

14 (1) Section 17B(f) of the Act (42 U.S.C.
15 1766b(f)) is amended—

16 (A) in the subsection heading, by striking
17 “AND ADULT”; and

18 (B) in paragraph (1), by striking “and
19 adult”.

20 (2) Section 18(e)(3)(B) of the Act (42 U.S.C.
21 1769(e)(3)(B)) is amended by striking “and adult”.

22 (3) Section 25(b)(1)(C) of the Act (42 U.S.C.
23 1769f(b)(1)(C)) is amended by striking “and adult”.

1 (4) Section 3(1) of the Healthy Meals for
2 Healthy Americans Act of 1994 (Public Law 103–
3 448) is amended by striking “and adult”.

4 (m) EFFECTIVE DATE.—

5 (1) IN GENERAL.—Except as provided in para-
6 graph (2), the amendments made by this section
7 shall become effective on the date of enactment of
8 this Act.

9 (2) IMPROVED TARGETING OF DAY CARE HOME
10 REIMBURSEMENTS.—The amendments made by
11 paragraphs (1), (3), and (4) of subsection (f) shall
12 become effective on August 1, 1996.

13 (3) REGULATIONS.—

14 (A) INTERIM REGULATIONS.—Not later
15 than February 1, 1996, the Secretary shall
16 issue interim regulations to implement—

17 (i) the amendments made by para-
18 graphs (1), (3), and (4) of subsection (f);

19 and

20 (ii) section 17(f)(3)(C) of the National
21 School Lunch Act (42 U.S.C.
22 1766(f)(3)(C)).

23 (B) FINAL REGULATIONS.—Not later than
24 August 1, 1996, the Secretary shall issue final

1 regulations to implement the provisions of law
2 referred to in subparagraph (A).

3 (n) STUDY OF IMPACT OF AMENDMENTS ON PRO-
4 GRAM PARTICIPATION AND FAMILY DAY CARE LICENS-
5 ING.—

6 (1) IN GENERAL.—The Secretary of Agri-
7 culture, in conjunction with the Secretary of Health
8 and Human Services, shall study the impact of the
9 amendments made by this section on—

10 (A) the number of family day care homes
11 participating in the child care food program es-
12 tablished under section 17 of the National
13 School Lunch Act (42 U.S.C. 1766);

14 (B) the number of day care home sponsor-
15 ing organizations participating in the program;

16 (C) the number of day care homes that are
17 licensed, certified, registered, or approved by
18 each State in accordance with regulations is-
19 sued by the Secretary;

20 (D) the rate of growth of the numbers re-
21 ferred to in subparagraphs (A) through (C);

22 (E) the nutritional adequacy and quality of
23 meals served in family day care homes that—

24 (i) received reimbursement under the
25 program prior to the amendments made by

1 this section but do not receive reimburse-
2 ment after the amendments made by this
3 section; or

4 (ii) received full reimbursement under
5 the program prior to the amendments
6 made by this section but do not receive full
7 reimbursement after the amendments
8 made by this section; and

9 (F) the proportion of low-income children
10 participating in the program prior to the
11 amendments made by this section and the pro-
12 portion of low-income children participating in
13 the program after the amendments made by
14 this section.

15 (2) REQUIRED DATA.—Each State agency par-
16 ticipating in the child care food program under sec-
17 tion 17 of the National School Lunch Act (42
18 U.S.C. 1766) shall submit to the Secretary data
19 on—

20 (A) the number of family day care homes
21 participating in the program on July 31, 1996,
22 and July 31, 1997;

23 (B) the number of family day care homes
24 licensed, certified, registered, or approved for

1 service on July 31, 1996, and July 31, 1997;
2 and

3 (C) such other data as the Secretary may
4 require to carry out this subsection.

5 (3) SUBMISSION OF REPORT.—Not later than 2
6 years after the effective date of this section, the Sec-
7 retary shall submit the study required under this
8 subsection to the Committee on Economic and Edu-
9 cational Opportunities of the House of Representa-
10 tives and the Committee on Agriculture, Nutrition,
11 and Forestry of the Senate.

12 **SEC. 811. PILOT PROJECTS.**

13 (a) UNIVERSAL FREE PILOT.—Section 18(d) of the
14 National School Lunch Act (42 U.S.C. 1769(d)) is amend-
15 ed—

16 (1) by striking paragraph (3); and

17 (2) by redesignating paragraphs (4) and (5) as
18 paragraphs (3) and (4), respectively.

19 (b) DEMO PROJECT OUTSIDE SCHOOL HOURS.—Sec-
20 tion 18(e) of the Act is amended—

21 (1) in paragraph (1)—

22 (A) in subparagraph (A)—

23 (i) by striking “(A)”; and

24 (ii) by striking “shall” and inserting
25 “may”; and

1 (B) by striking subparagraph (B); and

2 (2) by striking paragraph (5) and inserting the
3 following:

4 “(5) AUTHORIZATION OF APPROPRIATIONS.—

5 There are authorized to be appropriated to carry out
6 this subsection such sums as are necessary for each
7 of fiscal years 1997 and 1998.”.

8 (c) ELIMINATING PROJECTS.—Section 18 of the Act
9 is amended—

10 (1) by striking subsections (a) and (g) through
11 (i); and

12 (2) by redesignating subsections (b) through
13 (f), as so amended, as subsections (a) through (e),
14 respectively.

15 (d) CONFORMING AMENDMENT.—Section
16 17B(d)(1)(A) of the Act (42 U.S.C. 1766b(d)(1)(A)) is
17 amended by striking “18(c)” and inserting “18(b)”.

18 **SEC. 812. REDUCTION OF PAPERWORK.**

19 Section 19 of the National School Lunch Act (42
20 U.S.C. 1769a) is repealed.

21 **SEC. 813. INFORMATION ON INCOME ELIGIBILITY.**

22 Section 23 of the National School Lunch Act (42
23 U.S.C. 1769d) is repealed.

1 **SEC. 814. NUTRITION GUIDANCE FOR CHILD NUTRITION**
2 **PROGRAMS.**

3 Section 24 of the National School Lunch Act (42
4 U.S.C. 1769e) is repealed.

5 **SEC. 815. INFORMATION CLEARINGHOUSE.**

6 Section 26 of the National School Lunch Act (42
7 U.S.C. 1769g) is repealed.

8 **Subtitle B—Child Nutrition Act of**
9 **1966**

10 **SEC. 821. SPECIAL MILK PROGRAM.**

11 (a) DEFINITION.—Section 3(a)(3) of the Child Nutri-
12 tion Act of 1966 (42 U.S.C. 1772(a)(3)) is amended by
13 striking “the Trust Territory of the Pacific Islands” and
14 inserting “the Commonwealth of the Northern Mariana
15 Islands”.

16 (b) ADJUSTMENTS TO REIMBURSEMENTS.—

17 (1) IN GENERAL.—Section 3(a) of the Act is
18 amended by striking paragraph (8) and inserting the
19 following:

20 “(8) ADJUSTMENTS.—

21 “(A) IN GENERAL.—Except as otherwise
22 provided in this paragraph, in the case of each
23 school year, the Secretary shall—

24 “(i) base the adjustment made under
25 paragraph (7) on the amount of the

1 unrounded adjustment for the preceding
2 school year;

3 “(ii) adjust the resulting amount in
4 accordance with paragraph (7); and

5 “(iii) round the result to the nearest
6 lower cent increment.

7 “(B) ADJUSTMENT FOR 12-MONTH PERIOD
8 BEGINNING JULY 1, 1996.—In the case of the
9 12-month period beginning July 1, 1996, the
10 minimum rate shall be the same as the mini-
11 mum rate in effect on June 30, 1996, rounded
12 to the nearest lower cent increment.

13 “(C) ADJUSTMENT FOR SCHOOL YEAR BE-
14 GINNING JULY 1, 1997.—In the case of the
15 school year beginning July 1, 1997, the Sec-
16 retary shall—

17 “(i) base the adjustment made under
18 paragraph (7) on the amount of the
19 unrounded adjustment for the minimum
20 rate for the school year beginning July 1,
21 1996;

22 “(ii) adjust the resulting amount to
23 reflect changes in the Producer Price
24 Index for Fresh Processed Milk published
25 by the Bureau of Labor Statistics of the

1 Department of Labor for the most recent
2 12-month period for which the data are
3 available; and

4 “(iii) round the result to the nearest
5 lower cent increment.”.

6 (2) EFFECTIVE DATE.—The amendment made
7 by paragraph (1) shall become effective on July 1,
8 1996.

9 **SEC. 822. REIMBURSEMENT RATES FOR FREE AND RE-**
10 **DUCE PRICE BREAKFASTS.**

11 (a) IN GENERAL.—Section 4(b) of the Child Nutri-
12 tion Act of 1966 (42 U.S.C. 1773(b)) is amended—

13 (1) in paragraph (1)(B)—

14 (A) in the first sentence, by striking “sec-
15 tion 11(a)” and inserting “subparagraphs (B)
16 through (D) of section 11(a)(3)”; and

17 (B) in the second sentence, by striking “,
18 adjusted to the nearest one-fourth cent” and in-
19 serting “(as adjusted pursuant to subpara-
20 graphs (B) through (D) of section 11(a)(3) of
21 the National School Lunch Act (42 U.S.C.
22 1759a(a)(3)))”; and

23 (2) in paragraph (2)(B)(ii)—

1 (A) by striking “nearest one-fourth cent”
2 and inserting “nearest lower cent increment for
3 the applicable school year”; and

4 (B) by inserting before the period at the
5 end the following: “, and the adjustment re-
6 quired by this clause shall be based on the
7 unrounded adjustment for the preceding school
8 year”.

9 (b) EFFECTIVE DATE.—The amendments made by
10 subsection (a) shall become effective on July 1, 1996.

11 **SEC. 823. FREE AND REDUCED PRICE POLICY STATEMENT.**

12 Section 4(b)(1) of the Child Nutrition Act of 1966
13 (42 U.S.C. 1773(b)(1)) is amended by adding at the end
14 the following:

15 “(E) FREE AND REDUCED PRICE POLICY
16 STATEMENT.—After the initial submission, a
17 school shall not be required to submit a free
18 and reduced price policy statement to a State
19 educational agency under this Act unless there
20 is a substantive change in the free and reduced
21 price policy of the school. A routine change in
22 the policy of a school, such as an annual adjust-
23 ment of the income eligibility guidelines for free
24 and reduced price meals, shall not be sufficient

1 cause for requiring the school to submit a policy
2 statement.”.

3 **SEC. 824. SCHOOL BREAKFAST PROGRAM AUTHORIZATION.**

4 (a) TRAINING AND TECHNICAL ASSISTANCE IN FOOD
5 PREPARATION.—Section 4(e)(1) of the Child Nutrition
6 Act of 1966 (42 U.S.C. 1773(e)(1)) is amended—

7 (1) in subparagraph (A), by striking “(A)”; and
8 (2) by striking subparagraph (B).

9 (b) EXPANSION OF PROGRAM; STARTUP AND EXPAN-
10 SION COSTS.—

11 (1) IN GENERAL.—Section 4 of the Act is
12 amended by striking subsections (f) and (g).

13 (2) EFFECTIVE DATE.—The amendments made
14 by paragraph (1) shall become effective on October
15 1, 1996.

16 **SEC. 825. STATE ADMINISTRATIVE EXPENSES.**

17 (a) USE OF FUNDS FOR COMMODITY DISTRIBUTION
18 ADMINISTRATION; STUDIES.—Section 7 of the Child Nu-
19 trition Act of 1966 (42 U.S.C. 1776) is amended—

20 (1) by striking subsections (e) and (h); and
21 (2) by redesignating subsections (f), (g), and (i)
22 as subsections (e), (f), and (g), respectively.

23 (b) APPROVAL OF CHANGES.—Section 7(e) of the
24 Act, as so redesignated, is amended—

1 (1) by striking “each year an annual plan” and
2 inserting “the initial fiscal year a plan”; and

3 (2) by adding at the end the following: “After
4 submitting the initial plan, a State shall only be re-
5 quired to submit to the Secretary for approval a
6 substantive change in the plan.”.

7 **SEC. 826. REGULATIONS.**

8 Section 10 of the Child Nutrition Act of 1966 (42
9 U.S.C. 1779) is amended—

10 (1) in subsection (b)—

11 (A) in paragraph (1), by striking “(1)”;
12 and

13 (B) by striking paragraphs (2) through
14 (4); and

15 (2) in subsection (c)—

16 (A) by striking “may” and inserting
17 “shall”;

18 (B) by inserting “, except the program au-
19 thorized under section 17,” after “under this
20 Act”; and

21 (C) by adding at the end the following:

22 “Such regulations shall prohibit the transfer of
23 funds that are used to support meals served to
24 children with incomes below the income eligi-
25 bility criteria for free or reduced price meals, as

1 provided in section 9(b) of the National School
2 Lunch Act.”.

3 **SEC. 827. PROHIBITIONS.**

4 Section 11(a) of the Child Nutrition Act of 1966 (42
5 U.S.C. 1780(a)) is amended by striking “neither the Sec-
6 retary nor the State shall” and inserting “the Secretary
7 shall not”.

8 **SEC. 828. MISCELLANEOUS PROVISIONS AND DEFINITIONS.**

9 Section 15 of the Child Nutrition Act of 1966 (42
10 U.S.C. 1784) is amended—

11 (1) in paragraph (1), by striking “the Trust
12 Territory of the Pacific Islands” and inserting “the
13 Commonwealth of the Northern Mariana Islands”;
14 and

15 (2) in the first sentence of paragraph (3)—

16 (A) in subparagraph (A), by inserting
17 “and” at the end; and

18 (B) by striking “, and (C)” and all that
19 follows through “Governor of Puerto Rico”.

20 **SEC. 829. ACCOUNTS AND RECORDS.**

21 The second sentence of section 16(a) of the Child Nu-
22 trition Act of 1966 (42 U.S.C. 1785(a)) is amended by
23 striking “at all times be available” and inserting “be avail-
24 able at any reasonable time”.

1 **SEC. 830. SPECIAL SUPPLEMENTAL NUTRITION PROGRAM**
2 **FOR WOMEN, INFANTS, AND CHILDREN.**

3 (a) DEFINITIONS.—Section 17(b) of the Child Nutri-
4 tion Act of 1966 (42 U.S.C. 1786(b)) is amended—

5 (1) in paragraph (15)(B)(iii), by inserting “of
6 not more than 90 days” after “accommodation”;
7 and

8 (2) in paragraph (16)—

9 (A) in subparagraph (A), by adding “and”
10 at the end; and

11 (B) in subparagraph (B), by striking “;
12 and” and inserting a period; and

13 (C) by striking subparagraph (C).

14 (b) SECRETARY’S PROMOTION OF WIC.—Section
15 17(c) of the Act is amended by striking paragraph (5).

16 (c) ELIGIBLE PARTICIPANTS.—Section 17(d) of the
17 Act is amended by striking paragraph (4).

18 (d) NUTRITION EDUCATION AND DRUG ABUSE EDU-
19 CATION.—Section 17(e) of the Act is amended—

20 (1) in the first sentence of paragraph (1), by
21 striking “shall ensure” and all that follows through
22 “is provided” and inserting “shall provide nutrition
23 education and may provide drug abuse education”;

24 (2) in paragraph (2), by striking the third sen-
25 tence;

1 (3) by striking paragraph (4) and inserting the
2 following:

3 “(4) INFORMATION.—The State agency may
4 provide a local agency with materials describing
5 other programs for which participants in the pro-
6 gram may be eligible.”;

7 (4) in paragraph (5), by striking “The State”
8 and all that follows through “local agency shall” and
9 inserting “A local agency may”; and

10 (5) by striking paragraph (6).

11 (e) STATE PLAN.—Section 17(f) of the Act is amend-
12 ed—

13 (1) in paragraph (1)—

14 (A) in subparagraph (A)—

15 (i) by striking “annually to the Sec-
16 retary, by a date specified by the Sec-
17 retary, a” and inserting “to the Secretary,
18 by a date specified by the Secretary, an
19 initial”; and

20 (ii) by adding at the end the follow-
21 ing: “After submitting the initial plan, a
22 State shall only be required to submit to
23 the Secretary for approval a substantive
24 change in the plan.”;

25 (B) in subparagraph (C)—

1 (i) by striking clause (iii) and insert-
2 ing the following:

3 “(iii) a plan to coordinate operations under the
4 program with other services or programs that may
5 benefit participants in, and applicants for, the pro-
6 gram;”;

7 (ii) in clause (vi), by inserting after
8 “in the State” the following: “(including a
9 plan to improve access to the program for
10 participants and prospective applicants
11 who are employed, or who reside in rural
12 areas)”;

13 (iii) by striking clauses (vii), (ix), (x),
14 and (xii);

15 (iv) in clause (xiii), by striking “may
16 require” and inserting “may reasonably re-
17 quire”; and

18 (v) by redesignating clauses (viii),
19 (xi), and (xiii), as so amended, as clauses
20 (vii), (viii), and (ix), respectively;

21 (C) by striking subparagraph (D); and

22 (D) by redesignating subparagraph (E) as
23 subparagraph (D);

24 (2) by striking paragraphs (2), (6), (8), (20),
25 (22), and (24);

1 (3) in the second sentence of paragraph (5), by
2 striking “at all times be available” and inserting “be
3 available at any reasonable time”;

4 (4) in paragraph (9)(B), by striking the second
5 sentence;

6 (5) in the first sentence of paragraph (11), by
7 striking “, including standards that will ensure suffi-
8 cient State agency staff”;

9 (6) in paragraph (12), by striking the third sen-
10 tence;

11 (7) in paragraph (14), by striking “shall” and
12 inserting “may”;

13 (8) in paragraph (17), by striking “and to ac-
14 commodate” and all that follows through “facili-
15 ties”;

16 (9) in paragraph (19), by striking “shall” and
17 inserting “may”; and

18 (10) by redesignating paragraphs (3), (4), (5),
19 (7), (9) through (19), (21), and (23), as so amend-
20 ed, as paragraphs (2), (3), (4), (5), (6) through
21 (16), (17), and (18), respectively.

22 (f) INFORMATION.—Section 17(g) of the Act is
23 amended—

(1) in paragraph (5), by striking “the report required under subsection (d)(4)” and inserting “reports on program participant characteristics”; and

(2) by striking paragraph (6).

(g) PROCUREMENT OF INFANT FORMULA.—

(1) IN GENERAL.—Section 17(h) of the Act is amended—

(A) in paragraph (4)(E), by striking “and, on” and all that follows through “(d)(4)”;

(B) in paragraph (8)—

(i) by striking subparagraphs (A), (C), and (M);

(ii) in subparagraph (G)—

(I) in clause (i), by striking “(i)”;

and

(II) by striking clauses (ii) through (ix);

(iii) in subparagraph (I), by striking “Secretary—” and all that follows through “(v) may” and inserting “Secretary may”;

(iv) by redesignating subparagraphs (B) and (D) through (L) as subparagraphs (A) and (B) through (J), respectively;

(v) in subparagraph (A)(i), as so redesignated, by striking “subparagraphs

1 (C), (D), and (E)(iii), in carrying out sub-
2 paragraph (A),” and inserting “subpara-
3 graphs (B) and (C)(iii),”;

4 (vi) in subparagraph (B)(i), as so re-
5 designated, by striking “subparagraph
6 (B)” each place it appears and inserting
7 “subparagraph (A)”; and

8 (vii) in subparagraph (C)(iii), as so
9 redesignated, by striking “subparagraph
10 (B)” and inserting “subparagraph (A)”;
11 and

12 (C) in paragraph (10)(A), by striking
13 “shall” and inserting “may”.

14 (2) APPLICATION.—The amendments made by
15 paragraph (1) shall not apply to a contract for the
16 procurement of infant formula under section
17 17(h)(8) of the Act that is in effect on the effective
18 date of this subsection.

19 (h) NATIONAL ADVISORY COUNCIL ON MATERNAL,
20 INFANT, AND FETAL NUTRITION.—Section 17(k)(3) of
21 the Act is amended by striking “Secretary shall designate”
22 and inserting “Council shall elect”.

23 (i) COMPLETED STUDY; COMMUNITY COLLEGE DEM-
24 ONSTRATION; GRANTS FOR INFORMATION AND DATA SYS-

1 TEM.—Section 17 of the Act is amended by striking sub-
2 sections (n), (o), and (p).

3 (j) DISQUALIFICATION OF VENDORS WHO ARE DIS-
4 QUALIFIED UNDER THE FOOD STAMP PROGRAM.—Sec-
5 tion 17 of the Act, as so amended, is further amended
6 by adding at the end the following:

7 “(n) DISQUALIFICATION OF VENDORS WHO ARE
8 DISQUALIFIED UNDER THE FOOD STAMP PROGRAM.—

9 “(1) IN GENERAL.—The Secretary shall issue
10 regulations providing criteria for the disqualification
11 under this section of an approved vendor that is dis-
12 qualified from accepting benefits under the food
13 stamp program established under the Food Stamp
14 Act of 1977 (7 U.S.C. 2011 et seq.).

15 “(2) TERMS.—A disqualification under para-
16 graph (1)—

17 “(A) shall be for the same period as the
18 disqualification from the program referred to in
19 paragraph (1);

20 “(B) may begin at a later date than the
21 disqualification from the program referred to in
22 paragraph (1); and

23 “(C) shall not be subject to judicial or ad-
24 ministrative review.”.

1 **SEC. 831. CASH GRANTS FOR NUTRITION EDUCATION.**

2 Section 18 of the Child Nutrition Act of 1966 (42
3 U.S.C. 1787) is repealed.

4 **SEC. 832. NUTRITION EDUCATION AND TRAINING.**

5 (a) FINDINGS.—Section 19 of the Child Nutrition
6 Act of 1966 (42 U.S.C. 1788) is amended—

7 (1) in subsection (a), by striking “that—” and
8 all that follows through the period at the end and
9 inserting “that effective dissemination of scientif-
10 ically valid information to children participating or
11 eligible to participate in the school lunch and related
12 child nutrition programs should be encouraged.”;
13 and

14 (2) in subsection (b), by striking “encourage”
15 and all that follows through “establishing” and in-
16 serting “establish”.

17 (b) USE OF FUNDS.—Section 19(f) of the Act is
18 amended—

19 (1) in paragraph (1)—

20 (A) by striking subparagraph (B); and

21 (B) in subparagraph (A)—

22 (i) by striking “(A)”;

23 (ii) by striking clauses (ix) through
24 (xix);

1 (iii) by redesignating clauses (i)
2 through (viii) and (xx) as subparagraphs
3 (A) through (H) and (I), respectively; and
4 (iv) in subparagraph (H), as so rededesignated,
5 by inserting “and” at the end;
6 (2) by striking paragraphs (2) and (4); and
7 (3) by redesignating paragraph (3) as paragraph
8 (2).

9 (c) ACCOUNTS, RECORDS, AND REPORTS.—The second
10 sentence of section 19(g)(1) of the Act is amended
11 by striking “at all times be available” and inserting “be
12 available at any reasonable time”.

13 (d) STATE COORDINATORS FOR NUTRITION; STATE
14 PLAN.—Section 19(h) of the Act is amended—

15 (1) in the second sentence of paragraph (1)—
16 (A) by striking “as provided in paragraph
17 (2) of this subsection”; and
18 (B) by striking “as provided in paragraph
19 (3) of this subsection”;
20 (2) in paragraph (2), by striking the second
21 and third sentences; and
22 (3) by striking paragraph (3).

23 (e) AUTHORIZATION OF APPROPRIATIONS.—Section
24 19(i) of the Act is amended—

1 (1) in the first sentence of paragraph (2)(A), by
2 striking “and each succeeding fiscal year”;

3 (2) by redesignating paragraphs (3) and (4) as
4 paragraphs (4) and (5), respectively; and

5 (3) by inserting after paragraph (2) the follow-
6 ing:

7 “(3) FISCAL YEARS 1997 THROUGH 2002.—

8 “(A) IN GENERAL.—There are authorized
9 to be appropriated to carry out this section
10 \$10,000,000 for each of fiscal years 1997
11 through 2002.

12 “(B) GRANTS.—

13 “(i) IN GENERAL.—Grants to each
14 State from the amounts made available
15 under subparagraph (A) shall be based on
16 a rate of 50 cents for each child enrolled
17 in schools or institutions within the State,
18 except that no State shall receive an
19 amount less than \$75,000 per fiscal year.

20 “(ii) INSUFFICIENT FUNDS.—If the
21 amount made available for any fiscal year
22 is insufficient to pay the amount to which
23 each State is entitled under clause (i), the
24 amount of each grant shall be ratably re-
25 duced.”.

1 (f) ASSESSMENT.—Section 19 of the Act is amended
2 by striking subsection (j).

3 (g) EFFECTIVE DATE.—The amendments made by
4 subsection (e) shall become effective on October 1, 1996.

5 **SEC. 833. BREASTFEEDING PROMOTION PROGRAM.**

6 Section 21 of the Child Nutrition Act of 1966 (42
7 U.S.C. 1790) is repealed.

8 **TITLE IX—FOOD STAMP PRO-**
9 **GRAM AND RELATED PRO-**
10 **GRAMS**

11 **SEC. 901. DEFINITION OF CERTIFICATION PERIOD.**

12 Section 3(c) of the Food Stamp Act of 1977 (7
13 U.S.C. 2012(c)) is amended by striking “Except as pro-
14 vided” and all that follows and inserting the following:
15 “The certification period shall not exceed 12 months, ex-
16 cept that the certification period may be up to 24 months
17 if all adult household members are elderly or disabled. A
18 State agency shall have at least 1 contact with each cer-
19 tified household every 12 months.”.

20 **SEC. 902. EXPANDED DEFINITION OF “COUPON”.**

21 Section 3(d) of the Food Stamp Act of 1977 (7
22 U.S.C. 2012(d)) is amended by striking “or type of certifi-
23 cate” and inserting “type of certificate, authorization
24 cards, cash or checks issued in lieu of coupons or access

1 devices, including, but not limited to, electronic benefit
2 transfer cards and personal identification numbers”.

3 **SEC. 903. TREATMENT OF CHILDREN LIVING AT HOME.**

4 The second sentence of section 3(i) of the Food
5 Stamp Act of 1977 (7 U.S.C. 2012(i)) is amended by
6 striking “(who are not themselves parents living with their
7 children or married and living with their spouses)”.

8 **SEC. 904. ADJUSTMENT OF THRIFTY FOOD PLAN.**

9 The second sentence of section 3(o) of the Food
10 Stamp Act of 1977 (7 U.S.C. 2012(o)) is amended—

11 (1) by striking “shall (1) make” and inserting
12 the following:

13 “shall—

14 “(1) make”;

15 (2) by striking “scale, (2) make” and inserting
16 the following:

17 “scale;

18 “(2) make”;

19 (3) by striking “Alaska, (3) make” and insert-
20 ing the following:

21 “Alaska;

22 “(3) make”; and

23 (4) by striking “Columbia, (4) through” and all
24 that follows through the end of the subsection and
25 inserting the following:

1 “Columbia; and

2 “(4) on October 1, 1996, and each October 1
3 thereafter, adjust the cost of the diet to reflect the
4 cost of the diet, in the preceding June, and round
5 the result to the nearest lower dollar increment for
6 each household size, except that on October 1, 1996,
7 the Secretary may not reduce the cost of the diet in
8 effect on September 30, 1996.”.

9 **SEC. 905. DEFINITION OF HOMELESS INDIVIDUAL.**

10 Section 3(s)(2)(C) of the Food Stamp Act of 1977
11 (7 U.S.C. 2012(s)(2)(C)) is amended by inserting “for not
12 more than 90 days” after “temporary accommodation”.

13 **SEC. 906. INCOME EXCLUSIONS.**

14 (a) **EXCLUSION OF CERTAIN JTPA INCOME.**—Sec-
15 tion 5 of the Food Stamp Act of 1977 (7 U.S.C. 2014)
16 is amended—

17 (1) in subsection (d)—

18 (A) by striking “and (16)” and inserting
19 “(16)”; and

20 (B) by inserting before the period at the
21 end the following: “, and (17) income received
22 under the Job Training Partnership Act (29
23 U.S.C. 1501 et seq.) by a household member
24 who is less than 19 years of age”; and

1 (2) in subsection (l), by striking “under section
2 204(b)(1)(C)” and all that follows and inserting
3 “shall be considered earned income for purposes of
4 the food stamp program.”.

5 (b) EXCLUSION OF LIFE INSURANCE POLICIES.—
6 Section 5(g) of the Food Stamp Act of 1977 (7 U.S.C.
7 2014(g)) is amended by adding at the end the following:
8 “(6) The Secretary shall exclude from financial re-
9 sources the cash value of any life insurance policy owned
10 by a member of a household.”.

11 (c) IN-TANDEM EXCLUSIONS FROM INCOME.—Sec-
12 tion 5 of the Food Stamp Act of 1977 (7 U.S.C. 2014)
13 is amended by adding at the end the following:

14 “(n) Whenever a Federal statute enacted after the
15 date of the enactment of this Act excludes funds from in-
16 come for purposes of determining eligibility, benefit levels,
17 or both under State plans approved under part A of title
18 IV of the Social Security Act, then such funds shall be
19 excluded from income for purposes of determining eligi-
20 bility, benefit levels, or both, respectively, under the food
21 stamp program of households all of whose members re-
22 ceive benefits under a State plan approved under part A
23 of title IV of the Social Security Act.”.

1 **SEC. 907. DEDUCTIONS FROM INCOME.**

2 Section 5(e) of the Food Stamp Act of 1977 (7
3 U.S.C. 2014(e)) is amended—

4 (1) in the 1st sentence—

5 (A) by striking “\$85” and inserting
6 “\$134”;

7 (B) by striking “\$145, \$120, \$170, and
8 \$75, respectively” and inserting the following:
9 “\$229, \$189, \$269, and \$118, respectively, for fiscal year
10 1996; and a standard deduction of \$120 a month for each
11 household, except that households in Alaska, Hawaii,
12 Guam, and the Virgin Islands of the United States shall
13 be allowed a standard deduction of \$200, \$165, \$234, and
14 \$103, respectively, for fiscal years thereafter, adjusted in
15 accordance with this subsection”;

16 (2) in the 2nd sentence by striking “Such” and
17 all that follows through “each October 1 thereafter,”
18 and inserting “On October 1, 2001, and on each Oc-
19 tober 1 thereafter, such standard deductions shall be
20 adjusted”;

21 (3) by striking the 14th sentence; and

22 (4) by inserting after the 9th sentence the fol-
23 lowing:

24 “A State agency may make use of a standard utility allow-
25 ance mandatory for all households with qualifying utility
26 costs if the State agency has developed 1 or more stand-

ards that include the cost of heating and cooling and 1
 2 or more standards that do not include the cost of heating
 3 and cooling, and if the Secretary finds that the standards
 4 will not result in an increased cost to the Secretary. A
 5 State agency that has not made the use of a standard util-
 6 ity allowance mandatory shall allow a household to switch,
 7 at the end of a certification period, between the standard
 8 utility allowance and a deduction based on the actual util-
 9 ity costs of the household.”.

10 **SEC. 908. VEHICLE ALLOWANCE.**

11 Section 5(g)(2) of the Food Stamp Act of 1977 (7
 12 U.S.C. 2014(g)(2)) is amended to read as follows:

13 “(2) INCLUDED ASSETS.—

14 “(A) IN GENERAL.—Subject to the other
 15 provisions of this paragraph, the Secretary
 16 shall, in prescribing inclusions in, and exclu-
 17 sions from, financial resources, follow the regu-
 18 lations in force as of June 1, 1982 (other than
 19 those relating to licensed vehicles and inaccess-
 20 sible resources).

21 “(B) ADDITIONAL INCLUDED ASSETS.—

22 The Secretary shall include in financial re-
 23 sources—

24 “(i) any boat, snowmobile, or airplane
 25 used for recreational purposes;

1 “(ii) any vacation home;

2 “(iii) any mobile home used primarily
3 for vacation purposes;

4 “(iv) subject to subparagraph (C), any
5 licensed vehicle that is used for household
6 transportation or to obtain or continue em-
7 ployment to the extent that the fair market
8 value of the vehicle exceeds a level set by
9 the Secretary, which shall be \$4,600 begin-
10 ning October 1, 1995, and adjusted on
11 each October 1 thereafter to reflect
12 changes in the new car component of the
13 Consumer Price Index for All Urban Con-
14 sumers published by the Bureau of Labor
15 Statistics for the 12-month period ending
16 on June 30 preceding the date of such ad-
17 justment and rounded to the nearest \$50;
18 and

19 “(v) any savings or retirement ac-
20 count (including an individual account), re-
21 gardless of whether there is a penalty for
22 early withdrawal.

23 “(C) EXCLUDED VEHICLES.—A vehicle
24 (and any other property, real or personal, to the
25 extent the property is directly related to the

1 maintenance or use of the vehicle) shall not be
2 included in financial resources under this para-
3 graph if the vehicle is—

4 “(i) used to produce earned income;

5 “(ii) necessary for the transportation
6 of a physically disabled household member;
7 or

8 “(iii) depended on by a household to
9 carry fuel for heating or water for home
10 use and provides the primary source of fuel
11 or water, respectively, for the household.”.

12 **SEC. 909. VENDOR PAYMENTS FOR TRANSITIONAL HOUS-**
13 **ING COUNTED AS INCOME.**

14 Section 5(k)(2) of the Food Stamp Act of 1977 (7
15 U.S.C. 2014(k)(2)) is amended—

16 (1) by striking subparagraph (F); and

17 (2) by redesignating subparagraphs (G) and
18 (H) as subparagraphs (F) and (G), respectively.

19 **SEC. 910. INCREASED PENALTIES FOR VIOLATING FOOD**
20 **STAMP PROGRAM REQUIREMENTS.**

21 Section 6(b)(1) of the Food Stamp Act of 1977 (7
22 U.S.C. 2015(b)(1)) is amended—

23 (1) in clause (i)—

24 (A) by striking “six months” and inserting
25 “1 year”; and

1 (B) by adding “and” at the end; and
 2 (2) striking clauses (ii) and (iii) and inserting
 3 the following:
 4 “(ii) permanently upon—
 5 “(I) the second occasion of any such deter-
 6 mination; or
 7 “(II) the first occasion of a finding by a
 8 Federal, State, or local court of the trading of
 9 a controlled substance (as defined in section
 10 102 of the Controlled Substances Act (21
 11 U.S.C. 802)), firearms, ammunition, or explo-
 12 sives for coupons.”.

13 **SEC. 911. DISQUALIFICATION OF CONVICTED INDIVIDUALS.**

14 Section 6(b)(1)(ii) of the Food Stamp Act of 1977
 15 (7 U.S.C. 2015(b)(1)(iii)), as amended by section 910, is
 16 amended—

17 (1) in subclause (I), by striking “or” at the
 18 end;
 19 (2) in subclause (II), by striking the period at
 20 the end and inserting “; or”; and
 21 (3) by inserting after subclause (II) the follow-
 22 ing:
 23 “(IV) a conviction of an offense under sub-
 24 section (b) or (c) of section 15 involving an

1 item covered by subsection (b) or (c) of section
2 15 having a value of \$500 or more.”.

3 **SEC. 912. DISQUALIFICATION.**

4 (a) IN GENERAL.—Section 6(d) of the Food Stamp
5 Act of 1977 (7 U.S.C. 2015(d)) is amended by striking
6 “(d)(1) Unless otherwise exempted by the provisions” and
7 all that follows through paragraph (1) and inserting the
8 following:

9 “(d) CONDITIONS OF PARTICIPATION.—

10 “(1) WORK REQUIREMENTS.—

11 “(A) IN GENERAL.—No physically and
12 mentally fit individual over the age of 15 and
13 under the age of 60 shall be eligible to partici-
14 pate in the food stamp program if the individ-
15 ual—

16 “(i) refuses, at the time of application
17 and every 12 months thereafter, to register
18 for employment in a manner prescribed by
19 the Secretary;

20 “(ii) refuses without good cause to
21 participate in an employment and training
22 program under paragraph (4), to the ex-
23 tent required by the State agency;

24 “(iii) refuses without good cause to
25 accept an offer of employment, at a site or

1 plant not subject to a strike or lockout at
2 the time of the refusal, at a wage not less
3 than the higher of—

4 “(I) the applicable Federal or
5 State minimum wage; or

6 “(II) 80 percent of the wage that
7 would have governed had the mini-
8 mum hourly rate under section
9 6(a)(1) of the Fair Labor Standards
10 Act of 1938 (29 U.S.C. 206(a)(1))
11 been applicable to the offer of employ-
12 ment;

13 “(iv) refuses without good cause to
14 provide a State agency with sufficient in-
15 formation to allow the State agency to de-
16 termine the employment status or the job
17 availability of the individual;

18 “(v) voluntarily and without good
19 cause—

20 “(I) quits a job; or

21 “(II) reduces work effort and,
22 after the reduction, the individual is
23 working less than 30 hours per week;
24 or

25 “(vi) fails to comply with section 20.

1 “(B) HOUSEHOLD INELIGIBILITY.—If an
2 individual who is the head of a household be-
3 comes ineligible to participate in the food stamp
4 program under subparagraph (A), the house-
5 hold shall, at the option of the State agency,
6 become ineligible to participate in the food
7 stamp program for a period, determined by the
8 State agency, that does not exceed the lesser
9 of—

10 “(i) the duration of the ineligibility of
11 the individual determined under subpara-
12 graph (C); or

13 “(ii) 180 days.

14 “(C) DURATION OF INELIGIBILITY.—

15 “(i) FIRST VIOLATION.—The first
16 time that an individual becomes ineligible
17 to participate in the food stamp program
18 under subparagraph (A), the individual
19 shall remain ineligible until the later of—

20 “(I) the date the individual be-
21 comes eligible under subparagraph
22 (A);

23 “(II) the date that is 1 month
24 after the date the individual became
25 ineligible; or

1 “(III) a date determined by the
2 State agency that is not later than 3
3 months after the date the individual
4 became ineligible.

5 “(ii) SECOND VIOLATION.—The sec-
6 ond time that an individual becomes ineli-
7 gible to participate in the food stamp pro-
8 gram under subparagraph (A), the individ-
9 ual shall remain ineligible until the later
10 of—

11 “(I) the date the individual be-
12 comes eligible under subparagraph
13 (A);

14 “(II) the date that is 3 months
15 after the date the individual became
16 ineligible; or

17 “(III) a date determined by the
18 State agency that is not later than 6
19 months after the date the individual
20 became ineligible.

21 “(iii) THIRD OR SUBSEQUENT VIOLA-
22 TION.—The third or subsequent time that
23 an individual becomes ineligible to partici-
24 pate in the food stamp program under sub-

1 paragraph (A), the individual shall remain
2 ineligible until the later of—

3 “(I) the date the individual be-
4 comes eligible under subparagraph
5 (A);

6 “(II) the date that is 6 months
7 after the date the individual became
8 ineligible;

9 “(III) a date determined by the
10 State agency; or

11 “(IV) at the option of the State
12 agency, permanently.

13 “(D) ADMINISTRATION.—

14 “(i) GOOD CAUSE.—The Secretary
15 shall determine the meaning of good cause
16 for the purpose of this paragraph.

17 “(ii) VOLUNTARY QUIT.—The Sec-
18 retary shall determine the meaning of vol-
19 untarily quitting and reducing work effort
20 for the purpose of this paragraph.

21 “(iii) DETERMINATION BY STATE
22 AGENCY.—

23 “(I) IN GENERAL.—Subject to
24 subclause (II) and clauses (i) and (ii),
25 a State agency shall determine—

1 “(aa) the meaning of any
2 term in subparagraph (A);

3 “(bb) the procedures for de-
4 termining whether an individual
5 is in compliance with a require-
6 ment under subparagraph (A);
7 and

8 “(cc) whether an individual
9 is in compliance with a require-
10 ment under subparagraph (A).

11 “(II) NOT LESS RESTRICTIVE.—
12 A State agency may not determine a
13 meaning, procedure, or determination
14 under subclause (I) to be less restric-
15 tive than a comparable meaning, pro-
16 cedure, or determination under a
17 State program funded under part A of
18 title IV of the Social Security Act (42
19 U.S.C. 601 et seq.).

20 “(iv) STRIKE AGAINST THE GOVERN-
21 MENT.—For the purpose of subparagraph
22 (A)(v), an employee of the Federal Govern-
23 ment, a State, or a political subdivision of
24 a State, who is dismissed for participating
25 in a strike against the Federal Govern-

1 ment, the State, or the political subdivision
2 of the State shall be considered to have
3 voluntarily quit without good cause.

4 “(v) SELECTING A HEAD OF HOUSE-
5 HOLD.—

6 “(I) IN GENERAL.—For the pur-
7 pose of this paragraph, the State
8 agency shall allow the household to se-
9 lect any adult parent of a child in the
10 household as the head of the house-
11 hold if all adult household members
12 making application under the food
13 stamp program agree to the selection.

14 “(II) TIME FOR MAKING DES-
15 IGNATION.—A household may des-
16 ignate the head of the household
17 under subclause (I) each time the
18 household is certified for participation
19 in the food stamp program, but may
20 not change the designation during a
21 certification period unless there is a
22 change in the composition of the
23 household.

24 “(vi) CHANGE IN HEAD OF HOUSE-
25 HOLD.—If the head of a household leaves

1 the household during a period in which the
2 household is ineligible to participate in the
3 food stamp program under subparagraph
4 (B)—

5 “(I) the household shall, if other-
6 wise eligible, become eligible to par-
7 ticipate in the food stamp program;
8 and

9 “(II) if the head of the household
10 becomes the head of another house-
11 hold, the household that becomes
12 headed by the individual shall become
13 ineligible to participate in the food
14 stamp program for the remaining pe-
15 riod of ineligibility.”.

16 (b) CONFORMING AMENDMENT.—

17 (1) The second sentence of section 17(b)(2) of
18 the Food Stamp Act of 1977 (7 U.S.C. 2026(b)(2))
19 is amended by striking “6(d)(1)(i)” and inserting
20 “6(d)(1)(A)(i)”.

21 (2) Section 20(f) of the Food Stamp Act of
22 1977 (7 U.S.C. 2029(f)) is amended to read as fol-
23 lows:

24 “(f) DISQUALIFICATION.—An individual or a house-
25 hold may become ineligible under section 6(d)(1) to par-

1 participate in the food stamp program for failing to comply
2 with this section.”.

3 **SEC. 913. CARETAKER EXEMPTION.**

4 Section 6(d)(2)(B) of the Food Stamp Act of 1977
5 (7 U.S.C. 2015(d)(2)(B)) is amended to read as follows:
6 “(B) a parent or other member of a household with re-
7 sponsibility for the care of (i) a dependent child under the
8 age of 6 or any lower age designated by the State agency
9 that is not under the age of 1, or (ii) an incapacitated
10 person;”.

11 **SEC. 914. EMPLOYMENT AND TRAINING.**

12 (a) IN GENERAL.—Section 6(d)(4) of the Food
13 Stamp Act of 1977 (7 U.S.C. 2015(d)(4)) is amended—

14 (1) in subparagraph (D)—

15 (A) in clause (i), by striking “to which the
16 application” and all that follows through “30
17 days or less”;

18 (B) in clause (ii), by striking “but with re-
19 spect” and all that follows through “child
20 care”; and

21 (C) in clause (iii), by striking “, on the
22 basis of” and all that follows through “clause
23 (ii)” and inserting “the exemption continues to
24 be valid”;

1 (2) in subparagraph (E), by striking the third
2 sentence; AND

3 (3) by adding at the end the following:

4 “(O) Notwithstanding any other provision of this
5 paragraph, the amount of Federal funds a State agency
6 uses in any fiscal year after fiscal year 1996 to carry out
7 this paragraph with respect to individuals who receive ben-
8 efits under a State plan approved under part A of title
9 IV of the Social Security Act (42 U.S.C. 601 et seq.) shall
10 not exceed the amount of Federal funds the State agency
11 used in fiscal year 1995 to carry out this paragraph with
12 respect to individuals who received benefits under such
13 plan.”.

14 (b) FUNDING.—Section 16(h) of the Food Stamp Act
15 of 1977 (7 U.S.C. 2025(h)) is amended by striking
16 “(h)(1)(A) The Secretary” and all that follows through
17 the end of paragraph (1) and inserting the following:

18 “(h) FUNDING OF EMPLOYMENT AND TRAINING
19 PROGRAMS.—

20 “(1) IN GENERAL.—

21 “(A) AMOUNTS.—To carry out employ-
22 ment and training programs, the Secretary
23 shall reserve for allocation to State agencies
24 from funds made available for each fiscal year
25 under section 18(a)(1) the amount of

1 \$150,000,000 for each of the fiscal years 1996
2 through 2002.

3 “(B) ALLOCATION.—The Secretary shall
4 allocate the amounts reserved under subpara-
5 graph (A) among the State agencies using a
6 reasonable formula (as determined by the Sec-
7 retary) that gives consideration to the popu-
8 lation in each State affected by section 6(o).

9 “(C) REALLOCATION.—

10 “(i) NOTIFICATION.—A State agency
11 shall promptly notify the Secretary if the
12 State agency determines that the State
13 agency will not expend all of the funds al-
14 located to the State agency under subpara-
15 graph (B).

16 “(ii) REALLOCATION.—On notification
17 under clause (i), the Secretary shall reallo-
18 cate the funds that the State agency will
19 not expend as the Secretary considers ap-
20 propriate and equitable.

21 “(D) MINIMUM ALLOCATION.—Notwith-
22 standing subparagraphs (A) through (C), the
23 Secretary shall ensure that each State agency
24 operating an employment and training program

1 shall receive not less than \$50,000 in each fis-
2 cal year.”.

3 (d) REPORTS.—Section 16(h) of the Food Stamp Act
4 of 1977 (7 U.S.C. 2025(h)) is amended—

5 (1) in paragraph (5)—

6 (A) by striking “(5)(A) The Secretary”
7 and inserting “(5) The Secretary”; and

8 (B) by striking subparagraph (B); and

9 (2) by striking paragraph (6).

10 **SEC. 915. COMPARABLE TREATMENT FOR DISQUALIFICA-**
11 **TION.**

12 (a) IN GENERAL.—Section 6 of the Food Stamp Act
13 of 1977 (7 U.S.C. 2015) is amended by adding at the end
14 the following:

15 “(i) COMPARABLE TREATMENT FOR DISQUALIFICA-
16 TION.—

17 “(1) IN GENERAL.—If a disqualification is im-
18 posed on a member of a household for a failure of
19 the member to perform an action required under a
20 Federal, State, or local law relating to a means-test-
21 ed public assistance program, the State agency may
22 impose the same disqualification on the member of
23 the household under the food stamp program.

24 “(2) RULES AND PROCEDURES.—If a disquali-
25 fication is imposed under paragraph (1) for a failure

1 of an individual to perform an action required under
2 part A of title IV of the Social Security Act (42
3 U.S.C. 601 et seq.), the State agency may use the
4 rules and procedures that apply under part A of title
5 IV of such Act to impose the same disqualification
6 under the food stamp program.

7 “(3) APPLICATION AFTER DISQUALIFICATION
8 PERIOD.—A member of a household disqualified
9 under paragraph (1) may, after the disqualification
10 period has expired, apply for benefits under this Act
11 and shall be treated as a new applicant, except that
12 a prior disqualification under subsection (d) shall be
13 considered in determining eligibility.”.

14 (b) STATE PLAN PROVISIONS.—Section 11(e) of the
15 Food Stamp Act of 1977 (7 U.S.C. 2020(e)) is amended—

16 (1) in paragraph (24), by striking “and” at the
17 end;

18 (2) in paragraph (25), by striking the period at
19 the end and inserting a semicolon; and

20 (3) by adding at the end the following:

21 “(26) the guidelines the State agency uses in
22 carrying out section 6(i); and”.

23 (c) CONFORMING AMENDMENT.—Section 6(d)(2)(A)
24 of the Food Stamp Act of 1977 (7 U.S.C. 2015(d)(2)(A))

1 is amended by striking “that is comparable to a require-
2 ment of paragraph (1)”.

3 **SEC. 916. DISQUALIFICATION FOR RECEIPT OF MULTIPLE**
4 **FOOD STAMP BENEFITS.**

5 Section 6 of the Food Stamp Act of 1977 (7 U.S.C.
6 2015), as amended by section 915, is amended by adding
7 at the end the following:

8 “(j) DISQUALIFICATION FOR RECEIPT OF MULTIPLE
9 FOOD STAMP BENEFITS.—An individual shall be ineligible
10 to participate in the food stamp program as a member
11 of any household for a 10-year period if the individual is
12 found by a State agency to have made, or is convicted
13 in a Federal or State court of having made, a fraudulent
14 statement or representation with respect to the identity
15 or place of residence of the individual in order to receive
16 multiple benefits simultaneously under the food stamp
17 program.”.

18 **SEC. 917. DISQUALIFICATION OF FLEEING FELONS.**

19 Section 6 of the Food Stamp Act of 1977 (7 U.S.C.
20 2015), as amended by sections 915 and 916, is amended
21 by adding at the end the following:

22 “(k) DISQUALIFICATION OF FLEEING FELONS.—No
23 member of a household who is otherwise eligible to partici-
24 pate in the food stamp program shall be eligible to partici-
25 pate in the program as a member of that or any other

1 household during any period during which the individual
2 is—

3 “(1) fleeing to avoid prosecution, or custody or
4 confinement after conviction, under the law of the
5 place from which the individual is fleeing, for a
6 crime, or attempt to commit a crime, that is a felony
7 under the law of the place from which the individual
8 is fleeing or that, in the case of New Jersey, is a
9 high misdemeanor under the law of New Jersey; or
10 “(2) violating a condition of probation or parole
11 imposed under a Federal or State law.”.

12 **SEC. 918. COOPERATION WITH CHILD SUPPORT AGENCIES.**

13 Section 6 of the Food Stamp Act of 1977 (7 U.S.C.
14 2015), as amended by sections 915, 916, and 917, is
15 amended by adding at the end the following:

16 “(l) CUSTODIAL PARENT’S COOPERATION WITH
17 CHILD SUPPORT AGENCIES.—

18 “(1) IN GENERAL.—At the option of a State
19 agency, subject to paragraphs (2) and (3), no natu-
20 ral or adoptive parent or other individual (collec-
21 tively referred to in this subsection as ‘the individ-
22 ual’) who is living with and exercising parental con-
23 trol over a child under the age of 18 who has an ab-
24 sent parent shall be eligible to participate in the food
25 stamp program unless the individual cooperates with

1 the State agency administering the program estab-
2 lished under part D of title IV of the Social Security
3 Act (42 U.S.C. 651 et seq.)—

4 “(A) in establishing the paternity of the
5 child (if the child is born out of wedlock); and

6 “(B) in obtaining support for—

7 “(i) the child; or

8 “(ii) the individual and the child.

9 “(2) GOOD CAUSE FOR NONCOOPERATION.—

10 Paragraph (1) shall not apply to the individual if
11 good cause is found for refusing to cooperate, as de-
12 termined by the State agency in accordance with
13 standards prescribed by the Secretary in consulta-
14 tion with the Secretary of Health and Human Serv-
15 ices. The standards shall take into consideration cir-
16 cumstances under which cooperation may be against
17 the best interests of the child.

18 “(3) FEES.—Paragraph (1) shall not require
19 the payment of a fee or other cost for services pro-
20 vided under part D of title IV of the Social Security
21 Act (42 U.S.C. 651 et seq.).

22 “(m) NONCUSTODIAL PARENT’S COOPERATION WITH
23 CHILD SUPPORT AGENCIES.—

24 “(1) IN GENERAL.—At the option of a State
25 agency, subject to paragraphs (2) and (3), a puta-

1 tive or identified noncustodial parent of a child
2 under the age of 18 (referred to in this subsection
3 as ‘the individual’) shall not be eligible to participate
4 in the food stamp program if the individual refuses
5 to cooperate with the State agency administering the
6 program established under part D of title IV of the
7 Social Security Act (42 U.S.C. 651 et seq.)—

8 “(A) in establishing the paternity of the
9 child (if the child is born out of wedlock); and

10 “(B) in providing support for the child.

11 “(2) REFUSAL TO COOPERATE.—

12 “(A) GUIDELINES.—The Secretary, in con-
13 sultation with the Secretary of Health and
14 Human Services, shall develop guidelines on
15 what constitutes a refusal to cooperate under
16 paragraph (1).

17 “(B) PROCEDURES.—The State agency
18 shall develop procedures, using guidelines devel-
19 oped under subparagraph (A), for determining
20 whether an individual is refusing to cooperate
21 under paragraph (1).

22 “(3) FEES.—Paragraph (1) shall not require
23 the payment of a fee or other cost for services pro-
24 vided under part D of title IV of the Social Security
25 Act (42 U.S.C. 651 et seq.).

1 “(4) PRIVACY.—The State agency shall provide
2 safeguards to restrict the use of information col-
3 lected by a State agency administering the program
4 established under part D of title IV of the Social Se-
5 curity Act (42 U.S.C. 651 et seq.) to purposes for
6 which the information is collected.”.

7 **SEC. 919. DISQUALIFICATION RELATING TO CHILD SUP-**
8 **PORT ARREARS.**

9 Section 6 of the Food Stamp Act of 1977 (7 U.S.C.
10 2015), as amended by sections 915, 916, 917 and 918,
11 is amended by adding at the end the following:

12 “(o) DISQUALIFICATION FOR CHILD SUPPORT AR-
13 REARS.—

14 “(1) IN GENERAL.—At the option of a State
15 agency, except as provided in paragraph (2), no indi-
16 vidual shall be eligible to participate in the food
17 stamp program as a member of any household dur-
18 ing any month that the individual is delinquent in
19 any payment due under a court order for the sup-
20 port of a child of the individual.

21 “(2) EXCEPTIONS.—Paragraph (1) shall not
22 apply if—

23 “(A) a court is allowing the individual to
24 delay payment; or

1 “(B) the individual is complying with a
 2 payment plan approved by a court or the State
 3 agency designated under part D of title IV of
 4 the Social Security Act (42 U.S.C. 651 et seq.)
 5 to provide support for the child of the individ-
 6 ual.”.

7 **SEC. 920. WORK REQUIREMENT FOR ABLE-BODIED RECIPI-**
 8 **ENTS.**

9 (a) IN GENERAL.—Section 6 of the Food Stamp Act
 10 of 1977 (7 U.S.C. 2015), as amended by sections 915,
 11 916, 917, 918, and 919, is amended by adding at the end
 12 the following:

13 “(p) WORK REQUIREMENT.—

14 “(1) DEFINITION OF WORK PROGRAM.—In this
 15 subsection, the term ‘work program’ means—

16 “(A) a program under the Job Training
 17 Partnership Act (29 U.S.C. 1501 et seq.);

18 “(B) a program under section 236 of the
 19 Trade Act of 1974 (19 U.S.C. 2296); or

20 “(C) a program of employment or training
 21 operated or supervised by a State or local gov-
 22 ernment, as determined appropriate by the Sec-
 23 retary.

24 “(2) WORK REQUIREMENT.—No individual
 25 shall be eligible to participate in the food stamp pro-

1 gram as a member of any household if, during the
2 preceding 12 months, the individual received food
3 stamp benefits for not less than 6 months during
4 which the individual did not—

5 “(A) work 20 hours or more per week,
6 averaged monthly;

7 “(B) participate in a workfare program
8 under section 20 or a comparable State or local
9 workfare program;

10 “(C) participate in and comply with the re-
11 quirements of an approved employment and
12 training program under subsection (d)(4); or

13 “(D) participate in and comply with the
14 requirements of a work program for 20 hours
15 or more per week.

16 “(3) EXCEPTION.—Paragraph (2) shall not
17 apply to an individual if the individual is—

18 “(A) under 18 or over 50 years of age;

19 “(B) medically certified as physically or
20 mentally unfit for employment;

21 “(C) a parent or other member of a house-
22 hold with a dependent child under 18 years of
23 age; or

24 “(D) otherwise exempt under subsection
25 (d)(2).

1 “(4) WAIVER.—

2 “(A) IN GENERAL.—The Secretary may
3 waive the applicability of paragraph (2) to any
4 group of individuals in the State if the Sec-
5 retary makes a determination that the area in
6 which the individuals reside—

7 “(i) has an unemployment rate of over
8 8 percent; or

9 “(ii) does not have a sufficient num-
10 ber of jobs to provide employment for the
11 individuals.

12 “(B) REPORT.—The Secretary shall report
13 the basis for a waiver under subparagraph (A)
14 to the Committee on Agriculture of the House
15 of Representatives and the Committee on Agri-
16 culture, Nutrition, and Forestry of the Sen-
17 ate.”.

18 (b) WORK AND TRAINING PROGRAMS.—Section
19 6(d)(4) of the Food Stamp Act of 1977 (7 U.S.C.
20 2015(d)(4)) is amended by adding at the end the follow-
21 ing:

22 “(O) REQUIRED PARTICIPATION IN WORK
23 AND TRAINING PROGRAMS.—A State agency
24 shall provide an opportunity to participate in
25 the employment and training program under

1 this paragraph to any individual who would oth-
2 erwise become subject to disqualification under
3 subsection (p).

4 “(P) COORDINATING WORK REQUIRE-
5 MENTS.—

6 “(i) IN GENERAL.—Notwithstanding
7 any other provision of this paragraph, a
8 State agency that meets the participation
9 requirements of clause (ii) may operate the
10 employment and training program of the
11 State for individuals who are members of
12 households receiving allotments under this
13 Act as part of a program operated by the
14 State under part F of title IV of the Social
15 Security Act (42 U.S.C. 681 et seq.), sub-
16 ject to the requirements of such Act.

17 “(ii) PARTICIPATION REQUIRE-
18 MENTS.—A State agency may exercise the
19 option under clause (i) if the State agency
20 provides an opportunity to participate in
21 an approved employment and training pro-
22 gram to an individual who is—

23 “(I) subject to subsection (p);

24 “(II) not employed at least an
25 average of 20 hours per week;

1 “(III) not participating in a
2 workfare program under section 20
3 (or a comparable State or local pro-
4 gram); and
5 “(IV) not subject to a waiver
6 under subsection (i)(4).”.

7 **SEC. 921. ENCOURAGE ELECTRONIC BENEFIT TRANSFER**
8 **SYSTEMS.**

9 (a) IN GENERAL.—Section 7(i) of the Food Stamp
10 Act of 1977 (7 U.S.C. 2016(i)) is amended—

11 (1) by amending paragraph (1) to read as fol-
12 lows:

13 “(1) ELECTRONIC BENEFIT TRANSFERS.—

14 “(A) IMPLEMENTATION.—Each State
15 agency shall implement an electronic benefit
16 transfer system in which household benefits de-
17 termined under section 8(a) or 24 are issued
18 from and stored in a central databank before
19 October 1, 2002, unless the Secretary provides
20 a waiver for a State agency that faces unusual
21 barriers to implementing an electronic benefit
22 transfer system.

23 “(B) TIMELY IMPLEMENTATION.—State
24 agencies are encouraged to implement an elec-

1 tronic benefit transfer system under subpara-
2 graph (A) as soon as practicable.

3 “(C) STATE FLEXIBILITY.—Subject to
4 paragraph (2), a State agency may procure and
5 implement an electronic benefit transfer system
6 under the terms, conditions, and design that
7 the State agency considers appropriate.

8 “(D) OPERATION.—An electronic benefit
9 transfer system should take into account gen-
10 erally accepted standard operating rules based
11 on—

12 “(i) commercial electronic funds
13 transfer technology;

14 “(ii) the need to permit interstate op-
15 eration and law enforcement monitoring;
16 and

17 “(iii) the need to permit monitoring
18 and investigations by authorized law en-
19 forcement agencies.”;

20 (2) in paragraph (2)—

21 (A) by striking “effective no later than
22 April 1, 1992,”;

23 (B) in subparagraph (A)—

24 (i) by striking “, in any 1 year,”; and

25 (ii) by striking “on-line”;

1 (F) by adding at the end the following:

2 “(I) procurement standards.”; and

3 (3) by adding at the end the following:

4 “(7) REPLACEMENT OF BENEFITS.—Regula-
5 tions issued by the Secretary regarding the replace-
6 ment of benefits and liability for replacement of ben-
7 efits under an electronic benefit transfer system
8 shall be similar to the regulations in effect for a
9 paper food stamp issuance system.”.

10 (b) SENSE OF CONGRESS.—It is the sense of Con-
11 gress that a State that operates an electronic benefit
12 transfer system under the Food Stamp Act of 1977 (7
13 U.S.C. 2011 et seq.) should operate the system in a man-
14 ner that is compatible with electronic benefit transfer sys-
15 tems operated by other States.

16 **SEC. 922. VALUE OF MINIMUM ALLOTMENT.**

17 The proviso in section 8(a) of the Food Stamp Act
18 of 1977 (7 U.S.C. 2017(a)) is amended by striking “, and
19 shall be adjusted” and all that follows through “\$5”.

20 **SEC. 923. BENEFITS ON RECERTIFICATION.**

21 Section 8(c)(2)(B) of the Food Stamp Act of 1977
22 (7 U.S.C. 2017(c)(2)(B)) is amended by striking “of more
23 than one month”.

1 **SEC. 924. OPTIONAL COMBINED ALLOTMENT FOR EXPE-**
2 **DITED HOUSEHOLDS.**

3 Section 8(c)(3) of the Food Stamp Act of 1977 (7
4 U.S.C. 2017(c)(3)) is amended to read as follows:

5 “(3) OPTIONAL COMBINED ALLOTMENT FOR
6 EXPEDITED HOUSEHOLDS.—A State agency may
7 provide to an eligible household applying after the
8 15th day of a month, in lieu of the initial allotment
9 of the household and the regular allotment of the
10 household for the following month, an allotment that
11 is equal to the total amount of the initial allotment
12 and the first regular allotment. The allotment shall
13 be provided in accordance with section 11(e)(3) in
14 the case of a household that is not entitled to expe-
15 dited service and in accordance with paragraphs (3)
16 and (9) of section 11(e) in the case of a household
17 that is entitled to expedited service.”.

18 **SEC. 925. FAILURE TO COMPLY WITH OTHER MEANS-TEST-**
19 **ED PUBLIC ASSISTANCE PROGRAMS.**

20 Section 8(d) of the Food Stamp Act of 1977 (7
21 U.S.C. 2017(d)) is amended to read as follows:

22 “(d) REDUCTION OF PUBLIC ASSISTANCE BENE-
23 FITS.—

24 “(1) IN GENERAL.—If the benefits of a house-
25 hold are reduced under a Federal, State, or local law
26 relating to a means-tested public assistance program

1 for the failure of a member of the household to per-
 2 form an action required under the law or program,
 3 for the duration of the reduction—

4 “(A) the household may not receive an in-
 5 creased allotment as the result of a decrease in
 6 the income of the household to the extent that
 7 the decrease is the result of the reduction; and

8 “(B) the State agency may reduce the al-
 9 lotment of the household by not more than 25
 10 percent.

11 “(2) RULES AND PROCEDURES.—If the allot-
 12 ment of a household is reduced under this subsection
 13 for a failure to perform an action required under
 14 part A of title IV of the Social Security Act (42
 15 U.S.C. 601 et seq.), the State agency may use the
 16 rules and procedures that apply under part A of title
 17 IV of such Act to reduce the allotment under the
 18 food stamp program.”.

19 **SEC. 926. ALLOTMENTS FOR HOUSEHOLDS RESIDING IN**
 20 **CENTERS.**

21 Section 8 of the Food Stamp Act of 1977 (7 U.S.C.
 22 2017) is amended by adding at the end the following:

23 “(f) ALLOTMENTS FOR HOUSEHOLDS RESIDING IN
 24 CENTERS.—

1 “(1) IN GENERAL.—In the case of an individual
 2 who resides in a center for the purpose of a drug or
 3 alcoholic treatment program described in the last
 4 sentence of section 3(i), a State agency may provide
 5 an allotment for the individual to—

6 “(A) the center as an authorized represent-
 7 ative of the individual for a period that is less
 8 than 1 month; and

9 “(B) the individual, if the individual leaves
 10 the center.

11 “(2) DIRECT PAYMENT.—A State agency may
 12 require an individual referred to in paragraph (1) to
 13 designate the center in which the individual resides
 14 as the authorized representative of the individual for
 15 the purpose of receiving an allotment.”.

16 **SEC. 927. AUTHORITY TO ESTABLISH AUTHORIZATION PE-**
 17 **RIODS.**

18 Section 9(a)(1) of the Food Stamp Act of 1977 (7
 19 U.S.C. 2018(a)(1)) is amended by adding at the end the
 20 following:

21 “The Secretary is authorized to issue regulations estab-
 22 lishing specific time periods during which authorization to
 23 accept and redeem coupons under the food stamp program
 24 shall be valid.”.

1 **SEC. 928. SPECIFIC PERIOD FOR PROHIBITING PARTICIPA-**
2 **TION OF STORES BASED ON LACK OF BUSI-**
3 **NESS INTEGRITY.**

4 Section 9(a)(1) of the Food Stamp Act of 1977 (7
5 U.S.C. 2018(a)(1)), as amended by section 927, is amend-
6 ed by adding at the end the following:

7 “The Secretary is authorized to issue regulations estab-
8 lishing specific time periods during which a retail food
9 store or wholesale food concern that has an application
10 for approval to accept and redeem coupons denied or that
11 has such an approval withdrawn on the basis of business
12 integrity and reputation cannot submit a new application
13 for approval. Such periods shall reflect the severity of
14 business integrity infractions that are the basis of such
15 denials or withdrawals.”.

16 **SEC. 929. INFORMATION FOR VERIFYING ELIGIBILITY FOR**
17 **AUTHORIZATION.**

18 Section 9(c) of the Food Stamp Act of 1977 (7
19 U.S.C. 2018(c)) is amended—

20 (1) in the 1st sentence by inserting “, which
21 may include relevant income and sales tax filing doc-
22 uments,” after “submit information” ; and

23 (2) by inserting after the 1st sentence the fol-
24 lowing:

25 “The regulations may require retail food stores and whole-
26 sale food concerns to provide written authorization for the

1 Secretary to verify all relevant tax filings with appropriate
2 agencies and to obtain corroborating documentation from
3 other sources in order that the accuracy of information
4 provided by such stores and concerns may be verified.”.

5 **SEC. 930. WAITING PERIOD FOR STORES THAT INITIALLY**
6 **FAIL TO MEET AUTHORIZATION CRITERIA.**

7 Section 9(d) of the Food Stamp Act of 1977 (7
8 U.S.C. 2018(d)) is amended by adding at the end the fol-
9 lowing:

10 “Regulations issued pursuant to this Act shall prohibit a
11 retail food store or wholesale food concern that has an ap-
12 plication for approval to accept and redeem coupons de-
13 nied because it does not meet criteria for approval estab-
14 lished by the Secretary in regulations from submitting a
15 new application for six months from the date of such de-
16 nial.”.

17 **SEC. 931. OPERATION OF FOOD STAMP OFFICES.**

18 Section 11(e)(2) of the Food Stamp Act of 1977 (7
19 U.S.C. 2020(e)(2)) is amended to read as follows:

20 “(2)(A) that the State agency shall establish
21 procedures governing the operation of food stamp of-
22 fices that the State agency determines best serve
23 households in the State, including households with
24 special needs, such as households with elderly or dis-
25 abled members, households in rural areas with low-

1 income members, homeless individuals, households
2 residing on reservations, and households in areas in
3 which a substantial number of members of low-in-
4 come households speak a language other than Eng-
5 lish.

6 “(B) In carrying out subparagraph (A), a State
7 agency—

8 “(i) shall provide timely, accurate, and fair
9 service to applicants for, and participants in,
10 the food stamp program;

11 “(ii) shall develop an application contain-
12 ing the information necessary to comply with
13 this Act;

14 “(iii) shall permit an applicant household
15 to apply to participate in the program on the
16 same day that the household first contacts a
17 food stamp office in person during office hours;

18 “(iv) shall consider an application that
19 contains the name, address, and signature of
20 the applicant to be filed on the date the appli-
21 cant submits the application;

22 “(v) shall require that an adult representa-
23 tive of each applicant household certify in writ-
24 ing, under penalty of perjury, that—

1 “(I) the information contained in the
2 application is true; and

3 “(II) all members of the household
4 are citizens or are aliens eligible to receive
5 food stamps under section 6(f);

6 “(vi) shall provide a method of certifying
7 and issuing coupons to eligible homeless individ-
8 uals, to ensure that participation in the food
9 stamp program is limited to eligible households;
10 and

11 “(vii) may establish operating procedures
12 that vary for local food stamp offices to reflect
13 regional and local differences within the State.

14 “(C) Nothing in this Act shall prohibit the use
15 of signatures provided and maintained electronically,
16 storage of records using automated retrieval systems
17 only, or any other feature of a State agency’s appli-
18 cation system that does not rely exclusively on the
19 collection and retention of paper applications or
20 other records.

21 “(D) The signature of any adult under this
22 paragraph shall be considered sufficient to comply
23 with any provision of Federal law requiring a house-
24 hold member to sign an application or statement.”;

1 (2) in the last sentence of subsection (i) by
2 striking “No” and inserting “Other than in a case
3 of disqualification as a penalty for failure to comply
4 with a public assistance program rule or regulation,
5 no”.

6 **SEC. 932. MANDATORY CLAIMS COLLECTION METHODS.**

7 (a) ADMINISTRATION.—Section 11(e)(8) of the Food
8 Stamp Act of 1977 (7 U.S.C. 2020(e)(8)) is amended by
9 inserting “or refunds of Federal taxes as authorized pur-
10 suant to section 3720A of title 31 of the United States
11 Code” before the semicolon at the end.

12 (b) COLLECTION OF CLAIMS.—Section 13(d) of the
13 Food Stamp Act of 1977 (7 U.S.C. 2022(d)) is amend-
14 ed—

15 (1) by striking “may” and inserting “shall”;
16 and

17 (2) by inserting “or refunds of Federal taxes as
18 authorized pursuant to section 3720A of title 31 of
19 the United States Code” before the period at the
20 end.

21 (c) RELATED AMENDMENTS.—Section 6103(1) of
22 the Internal Revenue Code (26 U.S.C. 6103(1)) is amend-
23 ed—

1 (1) by striking “officers and employees” in
 2 paragraph (10)(A) and inserting “officers, employ-
 3 ees or agents, including State agencies”; and

4 (2) by striking “officers and employees” in
 5 paragraph (10)(B) and inserting “officers, employ-
 6 ees or agents, including State agencies”.

7 **SEC. 933. EXCHANGE OF LAW ENFORCEMENT INFORMA-**
 8 **TION.**

9 Section 11(e)(8) of the Food Stamp Act of 1977 (7
 10 U.S.C. 2020(e)(8)) is amended—

11 (1) by striking “that (A) such” and inserting
 12 the following:

13 “that—

14 “(A) the”;

15 (2) by striking “law, (B) notwithstanding” and
 16 inserting the following:

17 “law;

18 “(B) notwithstanding”;

19 (3) by striking “Act, and (C) such” and insert-
 20 ing the following:

21 “Act;

22 “(C) the”; and

23 (4) by adding at the end the following:

24 “(D) notwithstanding any other provision
 25 of law, the address, social security number, and,

1 if available, photograph of any member of a
2 household shall be made available, on request,
3 to any Federal, State, or local law enforcement
4 officer if the officer furnishes the State agency
5 with the name of the member and notifies the
6 agency that—

7 “(i) the member—

8 “(I) is fleeing to avoid prosecu-
9 tion, or custody or confinement after
10 conviction, for a crime (or attempt to
11 commit a crime) that, under the law
12 of the place the member is fleeing, is
13 a felony (or, in the case of New Jer-
14 sey, a high misdemeanor), or is violat-
15 ing a condition of probation or parole
16 imposed under Federal or State law;
17 or

18 “(II) has information that is nec-
19 essary for the officer to conduct an of-
20 ficial duty related to subclause (I);

21 “(ii) locating or apprehending the
22 member is an official duty; and

23 “(iii) the request is being made in the
24 proper exercise of an official duty; and

1 “(E) the safeguards shall not prevent com-
2 pliance with paragraph (16);”.

3 **SEC. 934. EXPEDITED COUPON SERVICE.**

4 Section 11(e)(9) of the Food Stamp Act of 1977 (7
5 U.S.C. 2020(e)(9)) is amended—

6 (1) in subparagraph (A)—

7 (A) by striking “five days” and inserting
8 “7 days”; and

9 (B) by inserting “and” at the end;

10 (2) by striking subparagraph (B);

11 (3) in subparagraph (D) by striking “, (B), or
12 (C)” and inserting “or (B)”; and

13 (4) by redesignating subparagraphs (C) and
14 (D) as subparagraphs (B) and (C), respectively.

15 **SEC. 935. WITHDRAWING FAIR HEARING REQUESTS.**

16 Section 11(e)(10) of the Food Stamp Act of 1977 (7
17 U.S.C. 2020(e)(10)) is amended by inserting before the
18 semicolon at the end a period and the following: “At the
19 option of a State, at any time prior to a fair hearing deter-
20 mination under this paragraph, a household may with-
21 draw, orally or in writing, a request by the household for
22 the fair hearing. If the withdrawal request is an oral re-
23 quest, the State agency shall provide a written notice to
24 the household confirming the withdrawal request and pro-

1 viding the household with an opportunity to request a
2 hearing”.

3 **SEC. 936. INCOME, ELIGIBILITY, AND IMMIGRATION STATUS**
4 **VERIFICATION SYSTEMS.**

5 Section 11(e)(19) of the Food Stamp Act of 1977 (7
6 U.S.C. 2020(e)(19)) is amended by striking “that infor-
7 mation is” and inserting “at the option of the State agen-
8 cy, that information may be”.

9 **SEC. 937. BASES FOR SUSPENSIONS AND DISQUALIFICA-**
10 **TIONS.**

11 Section 12(a) of the Food Stamp Act of 1977 (7
12 U.S.C. 2021(a)) is amended by adding at the end the fol-
13 lowing:

14 “Regulations issued pursuant to this Act shall provide cri-
15 teria for the finding of violations and the suspension or
16 disqualification of a retail food store or wholesale food con-
17 cern on the basis of evidence which may include, but is
18 not limited to, facts established through on-site investiga-
19 tions, inconsistent redemption data, or evidence obtained
20 through transaction reports under electronic benefit trans-
21 fer systems.”.

1 **SEC. 938. AUTHORITY TO SUSPEND STORES VIOLATING**
2 **PROGRAM REQUIREMENTS PENDING ADMIN-**
3 **ISTRATIVE AND JUDICIAL REVIEW.**

4 (a) **SUSPENSION AUTHORITY.**—Section 12(a) of the
5 Food Stamp Act of 1977 (7 U.S.C. 2021(a)), as amended
6 by section 937, is amended by adding at the end the fol-
7 lowing:

8 “Such regulations may establish criteria under which the
9 authorization of a retail food store or wholesale food con-
10 cern to accept and redeem coupons may be suspended at
11 the time such store or concern is initially found to have
12 committed violations of program requirements. Such sus-
13 pension may coincide with the period of a review as pro-
14 vided in section 14. The Secretary shall not be liable for
15 the value of any sales lost during any suspension or dis-
16 qualification period.”.

17 (b) **CONFORMING AMENDMENT.**—Section 14(a) of
18 the Food Stamp Act of 1977 (7 U.S.C. 2023(a)) is amend-
19 ed—

20 (1) in the 1st sentence by inserting “sus-
21 pended,” before “disqualified or subjected”;

22 (2) in the 5th sentence by inserting before the
23 period at the end the following:

24 “, except that in the case of the suspension of a retail
25 food store or wholesale food concern pursuant to section
26 12(a), such suspension shall remain in effect pending any

1 administrative or judicial review of the proposed disquali-
2 fication action, and the period of suspension shall be
3 deemed a part of any period of disqualification which is
4 imposed.”; and

5 (3) by striking the last sentence.

6 **SEC. 939. DISQUALIFICATION OF RETAILERS WHO ARE DIS-**
7 **QUALIFIED FROM THE WIC PROGRAM.**

8 Section 12 of the Food Stamp Act of 1977 (7 U.S.C.
9 2021) is amended by adding at the end the following:

10 “(g) The Secretary shall issue regulations providing
11 criteria for the disqualification of approved retail food
12 stores and wholesale food concerns that are otherwise dis-
13 qualified from accepting benefits under the Special Sup-
14 plemental Nutrition Program for Women, Infants and
15 Children (WIC) authorized under section 17 of the Child
16 Nutrition Act of 1966. Such disqualification—

17 “(1) shall be for the same period as the dis-
18 qualification from the WIC Program;

19 “(2) may begin at a later date; and

20 “(3) notwithstanding section 14 of this Act,
21 shall not be subject to administrative or judicial re-
22 view.”.

1 **SEC. 940. PERMANENT DEBARMENT OF RETAILERS WHO IN-**
2 **TENTIONALLY SUBMIT FALSIFIED APPLICA-**
3 **TIONS.**

4 Section 12 of the Food Stamp Act of 1977 (7 U.S.C.
5 2021), as amended by section 939, is amended by adding
6 at the end the following:

7 “(h) The Secretary shall issue regulations providing
8 for the permanent disqualification of a retail food store
9 or wholesale food concern that is determined to have
10 knowingly submitted an application for approval to accept
11 and redeem coupons which contains false information
12 about one or more substantive matters which were the
13 basis for providing approval. Any disqualification imposed
14 under this subsection shall be subject to administrative
15 and judicial review pursuant to section 14, but such dis-
16 qualification shall remain in effect pending such review.”.

17 **SEC. 941. EXPANDED CIVIL AND CRIMINAL FORFEITURE**
18 **FOR VIOLATIONS OF THE FOOD STAMP ACT.**

19 (a) **FORFEITURE OF ITEMS EXCHANGED IN FOOD**
20 **STAMP TRAFFICKING.**—Section 15(g) of the Food Stamp
21 Act of 1977 (7 U.S.C. 2024(g)) is amended by striking
22 “or intended to be furnished”.

23 (b) **CIVIL AND CRIMINAL FORFEITURE.**—Section 15
24 of the Food Stamp Act of 1977 (7 U.S.C. 2024)) is
25 amended by adding at the end the following:

1 “(h)(1) CIVIL FORFEITURE FOR FOOD STAMP BENE-
2 FIT VIOLATIONS.—

3 “(A) Any food stamp benefits and any property,
4 real or personal—

5 “(i) constituting, derived from, or traceable
6 to any proceeds obtained directly or indirectly
7 from, or

8 “(ii) used, or intended to be used, to com-
9 mit, or to facilitate,

10 the commission of a violation of subsection (b) or
11 subsection (c) involving food stamp benefits having
12 an aggregate value of not less than \$5,000, shall be
13 subject to forfeiture to the United States.

14 “(B) The provisions of chapter 46 of title 18,
15 United States Code, relating to civil forfeitures shall
16 extend to a seizure or forfeiture under this sub-
17 section, insofar as applicable and not inconsistent
18 with the provisions of this subsection.

19 “(2) CRIMINAL FORFEITURE FOR FOOD STAMP BEN-
20 EFIT VIOLATIONS.—

21 “(A)(i) Any person convicted of violating sub-
22 section (b) or subsection (c) involving food stamp
23 benefits having an aggregate value of not less than
24 \$5,000, shall forfeit to the United States, irrespec-
25 tive of any State law—

1 “(I) any food stamp benefits and any prop-
2 erty constituting, or derived from, or traceable
3 to any proceeds such person obtained directly or
4 indirectly as a result of such violation; and

5 “(II) any food stamp benefits and any of
6 such person’s property used, or intended to be
7 used, in any manner or part, to commit, or to
8 facilitate the commission of such violation.

9 “(ii) In imposing sentence on such person, the
10 court shall order that the person forfeit to the Unit-
11 ed States all property described in this subsection.

12 “(B) All food stamp benefits and any property
13 subject to forfeiture under this subsection, any sei-
14 zure and disposition thereof, and any administrative
15 or judicial proceeding relating thereto, shall be gov-
16 erned by subsections (b), (c), (e), and (g) through
17 (p) of section 413 of the Comprehensive Drug Abuse
18 Prevention and Control Act of 1970 (21 U.S.C.
19 853), insofar as applicable and not inconsistent with
20 the provisions of this subsection.

21 “(3) APPLICABILITY.—This subsection shall not
22 apply to property specified in subsection (g) of this sec-
23 tion.

1 “(4) RULES.—The Secretary may prescribe such
 2 rules and regulations as may be necessary to carry out
 3 this subsection.”.

4 **SEC. 942. EXPANDED AUTHORITY FOR SHARING INFORMA-**
 5 **TION PROVIDED BY RETAILERS.**

6 (a) AMENDMENT TO SOCIAL SECURITY ACT.—Sec-
 7 tion 205(c)(2)(C)(iii) of the Social Security Act (42
 8 U.S.C. 405(c)(2)(C)(iii)), as amended by section 316(a)
 9 of the Social Security Administrative Reform Act of 1994
 10 (Public Law 103–296; 108 Stat. 1464), is amended—

11 (1) by inserting in the 1st sentence of subclause
 12 (II) after “instrumentality of the United States” the
 13 following: “, or State government officers and em-
 14 ployees with law enforcement or investigative respon-
 15 sibilities, or State agencies that have the responsibil-
 16 ity for administering the Special Supplemental Nu-
 17 trition Program for Women, Infants and Children
 18 (WIC)”;

19 (2) by inserting in the last sentence of sub-
 20 clause (II) immediately after “other Federal” the
 21 words “or State”; and

22 (3) by inserting “or a State” in subclause (III)
 23 immediately after “United States”.

24 (b) AMENDMENT TO INTERNAL REVENUE CODE OF
 25 1986.—Section 6109(f)(2) of the Internal Revenue Code

1 of 1986 (26 U.S.C. 6109(f)(2)) (as added by section
2 316(b) of the Social Security Administrative Reform Act
3 of 1994 (Public Law 103–296; 108 Stat. 1464)) is amend-
4 ed—

5 (1) by inserting in subparagraph (A) after “in-
6 strumentality of the United States” the following: “,
7 or State government officers and employees with law
8 enforcement or investigative responsibilities, or State
9 agencies that have the responsibility for administer-
10 ing the Special Supplemental Nutrition Program for
11 Women, Infants and Children (WIC)”;

12 (2) in the last sentence of subparagraph (A) by
13 inserting “or State” after “other Federal”; and

14 (3) in subparagraph (B) by inserting “or a
15 State” after “United States”.

16 **SEC. 943. LIMITATION OF FEDERAL MATCH.**

17 Section 16(a)(4) of the Food Stamp Act of 1977 (7
18 U.S.C. 2025(a)(4)) is amended by inserting after the
19 comma at the end the following: “but not including re-
20 cruitment activities,”.

21 **SEC. 944. COLLECTION OF OVERISSUANCES.**

22 Section 16(a) of the Food Stamp Act of 1977 (7
23 U.S.C. 2025(a)) is amended by striking “25 percent dur-
24 ing the period beginning October 1, 1990” and all that
25 follows through “error of a State agency” and inserting

1 the following: “25 percent of the overissuances collected
2 by the State agency under section 13, except those
3 overissuances arising from an error of the State agency”.

4 **SEC. 945. STANDARDS FOR ADMINISTRATION.**

5 (a) IN GENERAL.—Section 16 of the Food Stamp Act
6 of 1977 (7 U.S.C. 2025) is amended by striking sub-
7 section (b).

8 (b) CONFORMING AMENDMENTS.—

9 (1) The 1st sentence of section 11(g) of the
10 Food Stamp Act of 1977 (7 U.S.C. 2020(g)) is
11 amended by striking “the Secretary’s standards for
12 the efficient and effective administration of the pro-
13 gram established under section 16(b)(1) or”.

14 (2) Section 16(c)(1)(B) of the Food Stamp Act
15 of 1977 (7 U.S.C. 2025(c)(1)(B)) is amended by
16 striking “pursuant to subsection (b)”.

17 **SEC. 946. RESPONSE TO WAIVERS.**

18 Section 17(b)(1) of the Food Stamp Act of 1977 (7
19 U.S.C. 2026(b)(1)) is amended by adding at the end the
20 following:

21 “(C) RESPONSE TO WAIVERS.—

22 “(i) RESPONSE.—Not later than 60 days after
23 the date of receiving a request for a waiver under
24 subparagraph (A), the Secretary shall provide a re-
25 sponse that—

1 “(I) approves the waiver request;

2 “(II) denies the waiver request and ex-
3 plains any modification needed for approval of
4 the waiver request;

5 “(III) denies the waiver request and ex-
6 plains the grounds for the denial; or

7 “(IV) requests clarification of the waiver
8 request.

9 “(ii) FAILURE TO RESPOND.—If the Secretary
10 does not provide a response in accordance with
11 clause (i), the waiver shall be considered approved,
12 unless the approval is specifically prohibited by this
13 Act.

14 “(iii) NOTICE OF DENIAL.—On denial of a
15 waiver request under clause (i)(III), the Secretary
16 shall provide a copy of the waiver request and a de-
17 scription of the reasons for the denial to the Com-
18 mittee on Agriculture of the House of Representa-
19 tives and the Committee on Agriculture, Nutrition,
20 and Forestry of the Senate.”.

21 **SEC. 947. AUTHORIZATION OF APPROPRIATIONS.**

22 The 1st sentence of section 18(a)(1) of the Food
23 Stamp Act of 1977 (7 U.S.C. 2027(a)(1)) is amended by
24 striking “1991 through 1997” and inserting “1996
25 through 2002”.

1 **SEC. 948. AUTHORIZE STATES TO OPERATE SIMPLIFIED**
2 **FOOD STAMP PROGRAMS.**

3 (a) **AUTHORITY FOR PROGRAM.**—The Food Stamp
4 Act of 1977 (7 U.S.C. 2011 et seq.) is amended by adding
5 at the end the following:

6 **“SEC. 24. SIMPLIFIED FOOD STAMP PROGRAM.**

7 “(a) **DEFINITION.**—In this section, the term ‘Federal
8 costs’ does not include any Federal costs incurred under
9 section 17.

10 “(b) **STATE OPTION.**—Subject to subsection (d), a
11 State may elect to carry out a simplified food stamp pro-
12 gram for households described in subsection (c)(1), state-
13 wide or in a political subdivision of the State, in accord-
14 ance with this section.

15 “(c) **PROGRAM REQUIREMENTS.**—If a State elects to
16 carry out such simplified food stamp program, within the
17 State or a political subdivision of the State—

18 “(1) only households in which all members re-
19 ceive assistance under a State program funded
20 under part A of title IV of the Social Security Act
21 (42 U.S.C. 601 et seq.) shall receive benefits under
22 this section. Such households shall be automatically
23 eligible to participate in such simplified food stamp
24 program; and

25 “(2) subject to subsection (f), benefits under
26 such simplified food stamp program shall be deter-

1 mined under rules and procedures established by the
2 State under—

3 “(A) a State program funded under part A
4 of title IV of the Social Security Act (42 U.S.C.
5 601 et seq.);

6 “(B) the food stamp program; or

7 “(C) a combination of a State program
8 funded under part A of title IV of the Social
9 Security Act (42 US..C. 601 et seq.) and the
10 food stamp program.

11 “(d) STATE PLAN.—(1) A State may not operate
12 such simplified food stamp program unless the Secretary
13 approves a State plan for the operation of such simplified
14 food stamp program under paragraph (2).

15 “(2) The Secretary is authorized to approve any State
16 plan to carry out such simplified food stamp program if
17 the Secretary determines that the plan—

18 “(A) simplifies program administration while
19 fulfilling the goals of the food stamp program to
20 permit low-income households to obtain a more nu-
21 tritious diet;

22 “(B) complies with this section;

23 “(C) would not increase Federal costs for any
24 fiscal year; and

1 “(D) would not substantially alter, as deter-
2 mined by the Secretary, the appropriate distribution
3 of benefits according to household need.

4 “(e) COST DETERMINATION.—(1) During each fiscal
5 year and not later than 90 days after the end of each fiscal
6 year, the Secretary shall determine using data provided
7 by the State deemed appropriate by the Secretary whether
8 such simplified food stamp program being carried out by
9 a State is increasing Federal costs under this Act above
10 what the costs would have been for the same population
11 had they been subject to the rules of the food stamp pro-
12 gram.

13 “(2) If the Secretary determines that such simplified
14 food stamp program has increased Federal costs under
15 this Act for any fiscal year or any portion of any fiscal
16 year, the Secretary shall notify the State not later than
17 30 days after the Secretary makes the determination
18 under paragraph (1).

19 “(3)(A) Not later than 90 days after the date of a
20 notification under paragraph (2), the State shall submit
21 a plan for approval by the Secretary for prompt corrective
22 action that is designed to prevent such simplified food
23 stamp program from increasing Federal costs under this
24 Act.

1 “(B) If the State does not submit a plan under sub-
2 paragraph (A) or carry out a plan approved by the Sec-
3 retary, the Secretary shall terminate the approval of the
4 State operating such simplified food stamp program and
5 the State shall be ineligible to operate a future Simplified
6 Program.

7 “(f) RULES AND PROCEDURES.—(1) In operating
8 such simplified food stamp program, a State or political
9 subdivision of a State may follow the rules and procedures
10 established by the State or political subdivision under a
11 State program funded under part A of title IV of the So-
12 cial Security Act (42 U.S.C. 601 et seq.) or under the
13 food stamp program.

14 “(2) In operating such simplified food stamp pro-
15 gram, a State or political subdivision shall comply with
16 the requirements of—

17 “(A) section 5(e) to the extent that it requires
18 an excess shelter expense deduction;

19 “(B) subsections (a) through (g) of section 7;

20 “(C) section 8(a) (except that the income of a
21 household may be determined under a State pro-
22 gram funded under part A of title IV of the Social
23 Security Act (42 U.S.C. 601 et seq.));

24 “(D) subsections (b) and (d) of section 8;

1 “(E) subsections (a), (c), (d), and (n) of section
2 11;

3 “(F) paragraphs (8), (9), (12), (18), (20), (24),
4 and (25) of section 11(e);

5 “(G) section 11(e)(2), to the extent that it re-
6 quires the State agency to provide an application to
7 households on the 1st day they contact a food stamp
8 office in person during office hours to make what
9 may reasonably be interpreted as an oral or written
10 request for food stamp assistance and to allow those
11 households to file such application on the same day;

12 “(H) section 11(e)(3), to the extent that it re-
13 quires the State agency to complete certification of
14 an eligible household and provide an allotment retro-
15 active to the period of application to an eligible
16 household not later than 30 days following the filing
17 of an application;

18 “(I) section 11(e)(10) (or a comparable require-
19 ment established by the State under a State pro-
20 gram funded under part A of title IV of the Social
21 Security Act (42 U.S.C. 601 et seq.)); and

22 “(J) section 16.

23 “(3) Notwithstanding any other provision of this sec-
24 tion, a household may not receive benefits under this sec-
25 tion as a result of the eligibility of the household under

1 a State program funded under part A of title IV of the
2 Social Security Act (42 U.S.C. 601 et seq.), unless the
3 Secretary determines that any household with income
4 above 130 percent of the poverty guidelines is not eligible
5 for such simplified food stamp program.”.

6 (b) REPEALER.—Section 8 of the Food Stamp Act
7 of 1977 (7 U.S.C. 2017) is amended by striking sub-
8 section (e).

9 (c) REQUIREMENTS.—Section 11(e) of the Food
10 Stamp Act of 1977 (7 U.S.C. 2020(e)) is amended—

11 (1) in paragraph (24) by striking “and” at the
12 end;

13 (2) in paragraph (25) by striking the period at
14 the end; and

15 (3) by adding at the end the following:

16 “(26) if a State elects to carry out a simplified
17 food stamp program under section 24, the plan of
18 the State agency for operating such simplified food
19 stamp program, including—

20 “(A) the rules and procedures to be fol-
21 lowed by the State to determine food stamp
22 benefits; and

23 “(B) a description of the method by which
24 the State will carry out a quality control system
25 under section 16(c).”.

1 (d) REPEAL OF DEMONSTRATION PROJECTS.—Sec-
2 tion 17 of the Food Stamp Act of 1977 (7 U.S.C. 2026)
3 is amended by—

4 (1) by striking subsection (i); and

5 (2) redesignating subsections (j) through (l) as
6 subsections (i) through (k), respectively.

7 **SEC. 949. EMERGENCY FOOD ASSISTANCE PROGRAM.**

8 (a) DEFINITIONS.—Section 201A of the Emergency
9 Food Assistance Act of 1983 (Public Law 98–8; 7 U.S.C.
10 612c note) is amended to read as follows:

11 **“SEC. 201A. DEFINITIONS.**

12 “In this Act:

13 “(1) ADDITIONAL COMMODITIES.—The term
14 ‘additional commodities’ means commodities made
15 available under section 214 in addition to the com-
16 modities made available under sections 202 and
17 203D.

18 “(2) AVERAGE MONTHLY NUMBER OF UNEM-
19 PLOYED PERSONS.—The term ‘average monthly
20 number of unemployed persons’ means the average
21 monthly number of unemployed persons in each
22 State in the most recent fiscal year for which infor-
23 mation concerning the number of unemployed per-
24 sons is available, as determined by the Bureau of
25 Labor Statistics of the Department of Labor.

1 “(3) ELIGIBLE RECIPIENT AGENCY.—The term
2 ‘eligible recipient agency’ means a public or non-
3 profit organization—

4 “(A) that administers—

5 “(i) an emergency feeding organiza-
6 tion;

7 “(ii) a charitable institution (including
8 a hospital and a retirement home, but ex-
9 cluding a penal institution) to the extent
10 that the institution serves needy persons;

11 “(iii) a summer camp for children, or
12 a child nutrition program providing food
13 service;

14 “(iv) a nutrition project operating
15 under the Older Americans Act of 1965
16 (42 U.S.C. 3001 et seq.), including a
17 project that operates a congregate nutri-
18 tion site and a project that provides home-
19 delivered meals; or

20 “(v) a disaster relief program;

21 “(B) that has been designated by the ap-
22 propriate State agency, or by the Secretary;
23 and

1 “(C) that has been approved by the Sec-
2 retary for participation in the program estab-
3 lished under this Act.

4 “(4) EMERGENCY FEEDING ORGANIZATION.—
5 The term ‘emergency feeding organization’ means a
6 public or nonprofit organization that administers ac-
7 tivities and projects (including the activities and
8 projects of a charitable institution, a food bank, a
9 food pantry, a hunger relief center, a soup kitchen,
10 or a similar public or private nonprofit eligible recip-
11 ient agency) providing nutrition assistance to relieve
12 situations of emergency and distress through the
13 provision of food to needy persons, including low-in-
14 come and unemployed persons.

15 “(5) FOOD BANK.—The term ‘food bank’
16 means a public or charitable institution that main-
17 tains an established operation involving the provision
18 of food or edible commodities, or the products of
19 food or edible commodities, to food pantries, soup
20 kitchens, hunger relief centers, or other food or feed-
21 ing centers that, as an integral part of their normal
22 activities, provide meals or food to feed needy per-
23 sons on a regular basis.

24 “(6) FOOD PANTRY.—The term ‘food pantry’
25 means a public or private nonprofit organization

1 that distributes food to low-income and unemployed
2 households, including food from sources other than
3 the Department of Agriculture, to relieve situations
4 of emergency and distress.

5 “(7) POVERTY LINE.—The term ‘poverty line’
6 has the same meaning given the term in section
7 673(2) of the Community Services Block Grant Act
8 (42 U.S.C. 9902(2)).

9 “(8) SOUP KITCHEN.—The term ‘soup kitchen’
10 means a public or charitable institution that, as an
11 integral part of the normal activities of the institu-
12 tion, maintains an established feeding operation to
13 provide food to needy homeless persons on a regular
14 basis.

15 “(9) TOTAL VALUE OF ADDITIONAL COMMOD-
16 ITIES.—The term ‘total value of additional commod-
17 ities’ means the actual cost of all additional com-
18 modities made available under section 214 that are
19 paid by the Secretary (including the distribution and
20 processing costs incurred by the Secretary).

21 “(10) VALUE OF ADDITIONAL COMMODITIES
22 ALLOCATED TO EACH STATE.—The term ‘value of
23 additional commodities allocated to each State’
24 means the actual cost of additional commodities
25 made available under section 214 and allocated to

1 each State that are paid by the Secretary (including
2 the distribution and processing costs incurred by the
3 Secretary).”.

4 (b) STATE PLAN.—Section 202A of the Emergency
5 Food Assistance Act of 1983 (Public Law 98–8; 7 U.S.C.
6 612c note) (7 U.S.C. 612c note) is amended to read as
7 follows:

8 **“SEC. 202A. STATE PLAN.**

9 “(a) IN GENERAL.—To receive commodities under
10 this Act, a State shall submit a plan of operation and ad-
11 ministration every 4 years to the Secretary for approval.
12 The plan may be amended at any time, with the approval
13 of the Secretary.

14 “(b) REQUIREMENTS.—Each plan shall—

15 “(1) designate the State agency responsible for
16 distributing the commodities received under this Act;

17 “(2) set forth a plan of operation and adminis-
18 tration to expeditiously distribute commodities under
19 this Act;

20 “(3) set forth the standards of eligibility for re-
21 cipient agencies; and

22 “(4) set forth the standards of eligibility for in-
23 dividual or household recipients of commodities,
24 which shall require—

1 “(A) individuals or households to be com-
2 prised of needy persons; and

3 “(B) individual or household members to
4 be residing in the geographic location served by
5 the distributing agency at the time of applying
6 for assistance.

7 “(c) STATE ADVISORY BOARD.—The Secretary shall
8 encourage each State receiving commodities under this Act
9 to establish a State advisory board consisting of represent-
10 atives of all interested entities, both public and private,
11 in the distribution of commodities received under this Act
12 in the State.”.

13 (c) AUTHORIZATION OF APPROPRIATIONS FOR AD-
14 MINISTRATIVE FUNDS.—Section 204(a)(1) of the Emer-
15 gency Food Assistance Act of 1983 (Public Law 98–8; 7
16 U.S.C. 612c note) (7 U.S.C. 612c note) is amended—

17 (1) in the 1st sentence—

18 (A) by striking “1991 through 1995” and
19 inserting “1996 through 2002”; and

20 (B) by striking “for State and local” and
21 all that follows through “under this title” and
22 inserting “to pay for the direct and indirect ad-
23 ministrative costs of the State related to the
24 processing, transporting, and distributing to eli-
25 gible recipient agencies of commodities provided

1 by the Secretary under this Act and commod-
2 ities secured from other sources”; and

3 (2) by striking the fourth sentence.

4 (d) TECHNICAL AMENDMENTS.—The Emergency
5 Food Assistance Act of 1983 (Public Law 98–8; 7 U.S.C.
6 612c note) (7 U.S.C. 612c note) is amended—

7 (1) in the 1st sentence of section 203B(a), by
8 striking “203 and 203A of this Act” and inserting
9 “203A”;

10 (2) in section 204(a), by striking “title” each
11 place it appears and inserting “Act”; and

12 (3) by striking section 212.

13 (e) REPORT ON EFAP.—Section 1571 of the Food
14 Security Act of 1985 (Public Law 99–198; 7 U.S.C. 612c
15 note) is repealed.

16 **SEC. 950. FOOD BANK DEMONSTRATION PROJECT.**

17 Section 3 of the Charitable Assistance and Food
18 Bank Act of 1987 (Public Law 100–232; 7 U.S.C. 612c
19 note) is repealed.

20 **SEC. 951. REPORT ON ENTITLEMENT COMMODITY PROC-**
21 **ESSING.**

22 Section 1773 of the Food, Agriculture, Conservation,
23 and Trade Act of 1990 (Public Law 101–624; 7 U.S.C.
24 612c note) is amended by striking subsection (f).

1 **TITLE X—MISCELLANEOUS**

2 **SEC. 1001. EXPENDITURE OF FEDERAL FUNDS IN ACCORD-**
3 **ANCE WITH LAWS AND PROCEDURES APPLI-**
4 **CABLE TO EXPENDITURE OF STATE FUNDS.**

5 (a) IN GENERAL.—Notwithstanding any other provi-
6 sion of law, any funds received by a State under the provi-
7 sions of law specified in subsection (b) shall be expended
8 only in accordance with the laws and procedures applicable
9 to expenditures of the State’s own revenues, including ap-
10 propriation by the State legislature, consistent with the
11 terms and conditions required under such provisions of
12 law.

13 (b) PROVISIONS OF LAW.—The provisions of law
14 specified in this subsection are the following:

15 (1) Part A of title IV of the Social Security Act
16 (relating to block grants for temporary assistance
17 for needy families).

18 (2) Section 25 of the Food Stamp Act of 1977
19 (relating to the optional State food assistance block
20 grant).

21 (3) The Child Care and Development Block
22 Grant Act of 1990 (relating to block grants for child
23 care).

1 **SEC. 1002. ELIMINATION OF HOUSING ASSISTANCE WITH**
2 **RESPECT TO FUGITIVE FELONS AND PROBA-**
3 **TION AND PAROLE VIOLATORS.**

4 (a) ELIGIBILITY FOR ASSISTANCE.—The United
5 States Housing Act of 1937 (42 U.S.C. 1437 et seq.) is
6 amended—

7 (1) in section 6(l)—

8 (A) in paragraph (5), by striking “and” at
9 the end;

10 (B) in paragraph (6), by striking the pe-
11 riod at the end and inserting “; and”; and

12 (C) by inserting immediately after para-
13 graph (6) the following new paragraph:

14 “(7) provide that it shall be cause for imme-
15 diate termination of the tenancy of a public housing
16 tenant if such tenant—

17 “(A) is fleeing to avoid prosecution, or cus-
18 tody or confinement after conviction, under the
19 laws of the place from which the individual
20 flees, for a crime, or attempt to commit a
21 crime, which is a felony under the laws of the
22 place from which the individual flees, or which,
23 in the case of the State of New Jersey, is a
24 high misdemeanor under the laws of such State;
25 or

1 “(2) is violating a condition of probation or pa-
2 role imposed under Federal or State law.”; and

3 (2) in section 8(d)(1)(B)—

4 (A) in clause (iii), by striking “and” at the
5 end;

6 (B) in clause (iv), by striking the period at
7 the end and inserting “; and”; and

8 (C) by adding after clause (iv) the follow-
9 ing new clause:

10 “(v) it shall be cause for termination
11 of the tenancy of a tenant if such tenant—

12 “(I) is fleeing to avoid prosecu-
13 tion, or custody or confinement after
14 conviction, under the laws of the place
15 from which the individual flees, for a
16 crime, or attempt to commit a crime,
17 which is a felony under the laws of
18 the place from which the individual
19 flees, or which, in the case of the
20 State of New Jersey, is a high mis-
21 demeanor under the laws of such
22 State; or

23 “(II) is violating a condition of
24 probation or parole imposed under
25 Federal or State law;”.

1 (b) PROVISION OF INFORMATION TO LAW ENFORCE-
2 MENT AGENCIES.—Title I of the United States Housing
3 Act of 1937 (42 U.S.C. 1437 et seq.), as amended by sec-
4 tion 601 of this Act, is amended by adding at the end
5 the following:

6 **“SEC. 28. EXCHANGE OF INFORMATION WITH LAW EN-**
7 **FORCEMENT AGENCIES.**

8 “Notwithstanding any other provision of law, each
9 public housing agency that enters into a contract for as-
10 sistance under section 6 or 8 of this Act with the Secretary
11 shall furnish any Federal, State, or local law enforcement
12 officer, upon the request of the officer, with the current
13 address, Social Security number, and photograph (if appli-
14 cable) of any recipient of assistance under this Act, if the
15 officer—

16 “(1) furnishes the public housing agency with
17 the name of the recipient; and

18 “(2) notifies the agency that—

19 “(A) such recipient—

20 “(i) is fleeing to avoid prosecution, or
21 custody or confinement after conviction,
22 under the laws of the place from which the
23 individual flees, for a crime, or attempt to
24 commit a crime, which is a felony under
25 the laws of the place from which the indi-

vidual flees, or which, in the case of the State of New Jersey, is a high misdemeanor under the laws of such State; or

“(ii) is violating a condition of probation or parole imposed under Federal or State law; or

“(iii) has information that is necessary for the officer to conduct the officer’s official duties;

“(B) the location or apprehension of the recipient is within such officer’s official duties; and

“(C) the request is made in the proper exercise of the officer’s official duties.”.

SEC. 1003. SENSE OF THE SENATE REGARDING ENTERPRISE ZONES.

(a) FINDINGS.—The Senate finds that:

(1) Many of the Nation’s urban centers are places with high levels of poverty, high rates of welfare dependency, high crime rates, poor schools, and joblessness;

(2) Federal tax incentives and regulatory reforms can encourage economic growth, job creation and small business formation in many urban centers;

1 (3) Encouraging private sector investment in
2 America's economically distressed urban and rural
3 areas is essential to breaking the cycle of poverty
4 and the related ills of crime, drug abuse, illiteracy,
5 welfare dependency, and unemployment;

6 (4) The empowerment zones enacted in 1993
7 should be enhanced by providing incentives to in-
8 crease entrepreneurial growth, capital formation, job
9 creation, educational opportunities, and home owner-
10 ship in the designated communities and zones.

11 (b) SENSE OF THE SENATE.—Therefore, it is the
12 Sense of the Senate that the Congress should adopt enter-
13 prise zone legislation in the One Hundred Fourth Con-
14 gress, and that such enterprise zone legislation provide the
15 following incentives and provisions:

16 (1) Federal tax incentives that expand access to
17 capital, increase the formation and expansion of
18 small businesses, and promote commercial revitaliza-
19 tion;

20 (2) Regulatory reforms that allow localities to
21 petition Federal agencies, subject to the relevant
22 agencies' approval, for waivers or modifications of
23 regulations to improve job creation, small business
24 formation and expansion, community development,

1 or economic revitalization objectives of the enterprise
2 zones;

3 (3) Home ownership incentives and grants to
4 encourage resident management of public housing
5 and home ownership of public housing;

6 (4) School reform pilot projects in certain des-
7 ignated enterprise zones to provide low-income par-
8 ents with new and expanded educational options for
9 their children's elementary and secondary schooling.

10 **SEC. 1004. SENSE OF THE SENATE REGARDING THE IN-**
11 **ABILITY OF THE NONCUSTODIAL PARENT TO**
12 **PAY CHILD SUPPORT.**

13 It is the sense of the Senate that—

14 (a) States should diligently continue their ef-
15 forts to enforce child support payments by the non-
16 custodial parent to the custodial parent, regardless
17 of the employment status or location of the non-
18 custodial parent; and

19 (b) States are encouraged to pursue pilot pro-
20 grams in which the parents of a nonadult, noncusto-
21 dial parent who refuses to or is unable to pay child
22 support must—

23 (1) pay or contribute to the child support
24 owed by the noncustodial parent; or

1 (2) otherwise fulfill all financial obligations
2 and meet all conditions imposed on the
3 non÷custodial parent, such as participation in a
4 work program or other related activity.

5 **SEC. 1005. FOOD STAMP ELIGIBILITY.**

6 Section 6(f) of the Food Stamp Act of 1977 (7
7 U.S.C. 2015(f)) is amended by striking the third sentence
8 and inserting the following:

9 “The State agency shall, at its option, consider either
10 all income and financial resources of the individual ren-
11 dered ineligible to participate in the food stamp program
12 under this subsection, or such income, less a pro rata
13 share, and the financial resources of the ineligible individ-
14 ual, to determine the eligibility and the value of the allot-
15 ment of the household of which such individual is a mem-
16 ber.”.

17 **SEC. 1006. ESTABLISHING NATIONAL GOALS TO PREVENT**
18 **TEENAGE PREGNANCIES.**

19 (a) IN GENERAL.—Not later than January 1, 1997,
20 the Secretary of Health and Human Services shall estab-
21 lish and implement a strategy for—

22 (1) preventing out-of-wedlock teenage preg-
23 nancies, and

1 (2) assuring that at least 25 percent of the
2 communities in the United States have teenage preg-
3 nancy prevention programs in place.

4 (b) REPORT.—Not later than June 30, 1998, and an-
5 nually thereafter, the Secretary shall report to the Con-
6 gress with respect to the progress that has been made in
7 meeting the goals described in paragraphs (1) and (2) of
8 subsection (a).

9 **SEC. 1007. SENSE OF THE SENATE REGARDING ENFORCE-**
10 **MENT OF STATUTORY RAPE LAWS.**

11 It is the sense of the Senate that States and local
12 jurisdictions should aggressively enforce statutory rape
13 laws.

14 **SEC. 1008. SANCTIONING FOR TESTING POSITIVE FOR**
15 **CONTROLLED SUBSTANCES.**

16 Notwithstanding any other provision of law, States
17 shall not be prohibited by the Federal Government from
18 sanctioning welfare recipients who test positive for use of
19 controlled substances.

20 **SEC. 1009. ABSTINENCE EDUCATION.**

21 Title V of the Social Security Act (42 U.S.C. 701–
22 709) is amended by adding at the end the following new
23 section:

24 “ABSTINENCE EDUCATION

25 “SEC. 510. (a) There are authorized to be appro-
26 priated \$75,000,000 for the purposes of enabling the Sec-

1 retary, through grants, contracts, or otherwise to provide
2 for abstinence education, and at the option of the State,
3 where appropriate, mentoring, counseling, and adult su-
4 pervision to promote abstinence from sexual activity, with
5 a focus on those groups which are most likely to bear chil-
6 dren out of wedlock.

7 “(b) For purposes of this section, the term ‘absti-
8 nence education’ means an educational or motivational
9 program which—

10 “(1) has as its exclusive purpose, teaching the
11 social, psychological, and health gains to be realized
12 by abstaining from sexual activity;

13 “(2) teaches abstinence from sexual activity
14 outside marriage as the expected standard for all
15 school age children;

16 “(3) teaches that abstinence from sexual activ-
17 ity is the only certain way to avoid out-of-wedlock
18 pregnancy, sexually transmitted diseases, and other
19 associated health problems;

20 “(4) teaches that a mutually faithful
21 monogamous relationship in context of marriage is
22 the expected standard of human sexual activity;

23 “(5) teaches that sexual activity outside of the
24 context of marriage is likely to have harmful psycho-
25 logical and physical effects;

1 “(6) teaches that bearing children out-of-wed-
 2 lock is likely to have harmful consequences for the
 3 child, the child’s parents, and society;

4 “(7) teaches young people how to reject sexual
 5 advances and how alcohol and drug use increases
 6 vulnerability to sexual advances; and

7 “(8) teaches the importance of attaining self-
 8 sufficiency before engaging in sexual activity.”.

9 **SEC. 1010. PROVISIONS TO ENCOURAGE ELECTRONIC BEN-**
 10 **EFIT TRANSFER SYSTEMS.**

11 Section 904 of the Electronic Fund Transfer Act (15
 12 U.S.C. 1693b) is amended—

13 (1) by striking “(d) In the event” and inserting
 14 “(d) APPLICABILITY TO SERVICE PROVIDERS
 15 OTHER THAN CERTAIN FINANCIAL INSTITU-
 16 TIONS.—

17 “(1) IN GENERAL.—In the event”; and

18 (2) by adding at the end the following new
 19 paragraph:

20 “(2) STATE AND LOCAL GOVERNMENT ELEC-
 21 TRONIC BENEFIT TRANSFER PROGRAMS.—

22 “(A) EXEMPTION GENERALLY.—The dis-
 23 closures, protections, responsibilities, and rem-
 24 edies established under this title, and any regu-
 25 lation prescribed or order issued by the Board

1 in accordance with this title, shall not apply to
2 any electronic benefit transfer program estab-
3 lished under State or local law or administered
4 by a State or local government.

5 “(B) EXCEPTION FOR DIRECT DEPOSIT
6 INTO RECIPIENT’S ACCOUNT.—Subparagraph
7 (A) shall not apply with respect to any elec-
8 tronic funds transfer under an electronic benefit
9 transfer program for deposits directly into a
10 consumer account held by the recipient of the
11 benefit.

12 “(C) RULE OF CONSTRUCTION.—No provi-
13 sion of this paragraph may be construed as—

14 “(i) affecting or altering the protec-
15 tions otherwise applicable with respect to
16 benefits established by Federal, State, or
17 local law; or

18 “(ii) otherwise superseding the appli-
19 cation of any State or local law.

20 “(D) ELECTRONIC BENEFIT TRANSFER
21 PROGRAM DEFINED.—For purposes of this
22 paragraph, the term ‘electronic benefit transfer
23 program’—

24 “(i) means a program under which a
25 government agency distributes needs-tested

benefits by establishing accounts to be accessed by recipients electronically, such as through automated teller machines, or point-of-sale terminals; and

“(ii) does not include employment-related payments, including salaries and pension, retirement, or unemployment benefits established by Federal, State, or local governments.”.

SEC. 1011. REDUCTION IN BLOCK GRANTS TO STATES FOR SOCIAL SERVICES.

Section 2003(c) of the Social Security Act (42 U.S.C. 1397b(c)) is amended—

(1) by striking “and” at the end of paragraph (4); and

(2) by striking paragraph (5) and inserting the following:

“(5) \$2,800,000,000 for each of the fiscal years 1990 through 1996 and for each fiscal year after fiscal year 2002; and

“(6) \$2,520,000,000 for each of the fiscal years 1997 through 2002.”.

1 **SEC. 1012. EFFICIENT USE OF FEDERAL TRANSPORTATION**
2 **FUNDS.**

3 The Secretary of Health and Human Services is en-
4 couraged to work in coordination with State agencies to
5 ensure that Federal transportation funds that may be
6 used for the benefit of persons receiving public assistance
7 pursuant to this Act and the amendments made by this
8 Act are most efficiently used for such purpose. The Sec-
9 retary shall work with the individual States to develop cri-
10 teria and measurements to report back to the Congress,
11 within 3 years after the date of the enactment of this Act,
12 the following:

13 (1) The use of competitive contracting or other
14 market-oriented strategies to achieve efficiencies.

15 (2) The efficient use of all related transpor-
16 tation funds to support persons receiving assistance
17 pursuant to this Act and the amendments made by
18 this Act.

19 (3) The actual value derived from transpor-
20 tation services to achieve such purposes.

21 (4) The application of such analyses to other
22 support services to achieve such purposes.

1 **SEC. 1013. ENHANCED FEDERAL MATCH FOR CHILD WEL-**
2 **FARE AUTOMATION EXPENSES.**

3 (a) IN GENERAL.—Section 474(a)(3)(C) of the Social
4 Security Act (42 U.S.C. 674(a)(3)(C)) is amended to read
5 as follows:

6 “(C) 50 percent (or, if the quarter is in
7 fiscal year 1997, 75 percent) of so much of
8 such expenditures as are for the planning, de-
9 sign, development, or installation of statewide
10 mechanized data collection and information re-
11 trieval systems (including 50 percent (or, if the
12 quarter is in fiscal year 1997, 75 percent) of
13 the full amount of expenditures for hardware
14 components for such systems) but only to the
15 extent that such systems—

16 “(i) meet the requirements imposed
17 by regulations;

18 “(ii) to the extent practicable, are ca-
19 pable of interfacing with the State data
20 collection system that collects information
21 relating to child abuse and neglect;

22 “(iii) to the extent practicable, have
23 the capability of interfacing with, and re-
24 trieval information from, the State data
25 collection system that collects information
26 relating to the eligibility of individuals

under part A (for the purposes of facilitating verification of eligibility of foster children); and

“(iv) are determined by the Secretary to be likely to provide more efficient, economical, and effective administration of the programs carried out under a State plan approved under this part;”.

(b) EFFECTIVE DATE.—The amendments made by this section shall be effective on and after October 1, 1996.

Subtitle B—Earned Income Tax Credit

SEC. 1021. EARNED INCOME CREDIT AND OTHER TAX BENEFITS DENIED TO INDIVIDUALS FAILING TO PROVIDE TAXPAYER IDENTIFICATION NUMBERS.

(a) EARNED INCOME CREDIT.—

(1) IN GENERAL.—Section 32(c)(1) of the Internal Revenue Code of 1986 (relating to individuals eligible to claim the earned income credit) is amended by adding at the end the following new subparagraph:

“(F) IDENTIFICATION NUMBER REQUIREMENT.—The term ‘eligible individual’ does not

1 include any individual who does not include on
2 the return of tax for the taxable year—

3 “(i) such individual’s taxpayer identi-
4 fication number, and

5 “(ii) if the individual is married (with-
6 in the meaning of section 7703), the tax-
7 payer identification number of such indi-
8 vidual’s spouse.”

9 (2) SPECIAL IDENTIFICATION NUMBER.—Sec-
10 tion 32 of such Code is amended by adding at the
11 end the following new subsection:

12 “(l) IDENTIFICATION NUMBERS.—Solely for pur-
13 poses of subsections (c)(1)(F) and (c)(3)(D), a taxpayer
14 identification number means a social security number is-
15 sued to an individual by the Social Security Administra-
16 tion (other than a social security number issued pursuant
17 to subclause (II) (or that portion of subclause (III) that
18 relates to subclause (II)) of section 205(c)(2)(B)(i) of the
19 Social Security Act).”

20 (b) PERSONAL EXEMPTION.—

21 (1) IN GENERAL.—Section 151 of such Code
22 (relating to allowance of deductions for personal ex-
23 emptions) is amended by adding at the end the fol-
24 lowing new subsection:

1 “(e) IDENTIFYING INFORMATION REQUIRED.—No
2 exemption shall be allowed under this section with respect
3 to any individual unless the taxpayer identification num-
4 ber of such individual is included on the return claiming
5 the exemption.”

6 (2) CONFORMING AMENDMENTS.—

7 (A) Subsection (e) of section 6109 of such
8 Code is repealed.

9 (B) Section 6724(d)(3) of such Code is
10 amended by adding “and” at the end of sub-
11 paragraph (C), by striking subparagraph (D),
12 and by redesignating subparagraph (E) as sub-
13 paragraph (D).

14 (c) DEPENDENT CARE CREDIT.—Subsection (e) of
15 section 21 of such Code (relating to expenses for house-
16 hold and dependent care services necessary for gainful em-
17 ployment) is amended by adding at the end the following
18 new paragraph:

19 “(10) IDENTIFYING INFORMATION REQUIRED
20 WITH RESPECT TO QUALIFYING INDIVIDUALS.—No
21 credit shall be allowed under this section with re-
22 spect to any qualifying individual unless the tax-
23 payer identification number of such individual is in-
24 cluded on the return claiming the credit.”

1 (d) EXTENSION OF PROCEDURES APPLICABLE TO
2 MATHEMATICAL OR CLERICAL ERRORS.—Section
3 6213(g)(2) of such Code (relating to the definition of
4 mathematical or clerical errors) is amended—

5 (1) by striking “and” at the end of subpara-
6 graph (D), and

7 (2) by striking the period at the end of sub-
8 paragraph (E) and inserting a comma, and

9 (3) by adding at the end the following new sub-
10 paragraphs:

11 “(F) an omission of a correct taxpayer
12 identification number required under section 21
13 (relating to expenses for household and depend-
14 ent care services necessary for gainful employ-
15 ment), section 32 (relating to the earned in-
16 come credit) to be included on a return, or sec-
17 tion 151 (relating to allowance of deductions for
18 personal exemptions), and

19 “(G) an entry on a return claiming the
20 credit under section 32 with respect to net
21 earnings from self-employment described in sec-
22 tion 32(e)(2)(A) to the extent the tax imposed
23 by section 1401 (relating to self-employment
24 tax) on such net earnings has not been paid.”

1 (e) EFFECTIVE DATE.—The amendments made by
 2 this section shall apply with respect to returns the due
 3 date for which (without regard to extensions) is more than
 4 30 days after the date of the enactment of this Act.

5 **SEC. 1022. RULES RELATING TO DENIAL OF EARNED IN-**
 6 **COME CREDIT ON BASIS OF DISQUALIFIED**
 7 **INCOME.**

8 (a) REDUCTION IN DISQUALIFIED INCOME THRESH-
 9 OLD.—

10 (1) IN GENERAL.—Section 32(i)(1) of the In-
 11 ternal Revenue Code of 1986 (relating to denial of
 12 credit for individuals having excessive investment in-
 13 come) is amended by striking “\$2,350” and insert-
 14 ing “\$2,200”.

15 (2) ADJUSTMENT FOR INFLATION.—Section
 16 32(j) of such Code is amended to read as follows:
 17 “(j) INFLATION ADJUSTMENTS.—

18 “(1) IN GENERAL.—In the case of any taxable
 19 year beginning after the applicable calendar year,
 20 each dollar amount referred to in paragraph (2)(B)
 21 shall be increased by an amount equal to—

22 “(A) such dollar amount, multiplied by

23 “(B) the cost-of-living adjustment deter-
 24 mined under section 1(f)(3) for the calendar
 25 year in which the taxable year begins, except

1 that subparagraph (B) thereof shall be applied
2 by reference to the CPI for the calendar year
3 preceding the applicable calendar year rather
4 than the CPI for calendar year 1992.

5 “(2) DEFINITIONS, ETC.—For purposes of
6 paragraph (1)—

7 “(A) APPLICABLE CALENDAR YEAR.—The
8 term ‘applicable calendar year’ means—

9 “(i) 1994 in the case of the dollar
10 amounts referred to in clause (i) of sub-
11 paragraph (B), and

12 “(ii) 1996 in the case of the dollar
13 amount referred to in clause (ii) of sub-
14 paragraph (B).

15 “(B) DOLLAR AMOUNTS.—The dollar
16 amounts referred to in this subparagraph are—

17 “(i) the dollar amounts contained in
18 subsection (b)(2)(A), and

19 “(ii) the dollar amount contained in
20 subsection (i)(1).

21 “(3) ROUNDING.—

22 “(A) IN GENERAL.—Except as provided in
23 subparagraph (B), if any dollar amount after
24 being increased under paragraph (1) is not a
25 multiple of \$10, such dollar amount shall be

1 rounded to the nearest multiple of \$10 (or, if
 2 such dollar amount is a multiple of \$5, such
 3 dollar amount shall be increased to the next
 4 higher multiple of \$10).

5 “(B) DISQUALIFIED INCOME THRESHOLD
 6 AMOUNT.—If the dollar amount referred to in
 7 paragraph (2)(B)(ii) after being increased
 8 under paragraph (1) is not a multiple of \$50,
 9 such amount shall be rounded to the next low-
 10 est multiple of \$50.”

11 (b) DEFINITION OF DISQUALIFIED INCOME.—Para-
 12 graph (2) of section 32(i) of such Code (defining disquali-
 13 fied income) is amended by striking “and” at the end of
 14 subparagraph (B), by striking the period at the end of
 15 subparagraph (C) and inserting a comma, and by adding
 16 at the end the following new subparagraphs:

17 “(D) the capital gain net income (as de-
 18 fined in section 1222) of the taxpayer for such
 19 taxable year, and

20 “(E) the excess (if any) of—

21 “(i) the aggregate income from all
 22 passive activities for the taxable year (de-
 23 termined without regard to any amount in-
 24 cluded in earned income under subsection

1 (c)(2) or described in a preceding subpara-
 2 graph), over

3 “(ii) the aggregate losses from all pas-
 4 sive activities for the taxable year (as so
 5 determined).

6 For purposes of subparagraph (E), the term
 7 ‘passive activity’ has the meaning given such
 8 term by section 469.”

9 (c) EFFECTIVE DATE.—The amendments made by
 10 this section shall apply to taxable years beginning after
 11 December 31, 1995.

12 **SEC. 1023. MODIFICATION OF ADJUSTED GROSS INCOME**
 13 **DEFINITION FOR EARNED INCOME CREDIT.**

14 (a) IN GENERAL.—Subsections (a)(2), (c)(1)(C), and
 15 (f)(2)(B) of section 32 of the Internal Revenue Code of
 16 1986 are each amended by striking “adjusted gross in-
 17 come” and inserting “modified adjusted gross income”.

18 (b) MODIFIED ADJUSTED GROSS INCOME DE-
 19 FINED.—Section 32(c) of such Code (relating to defini-
 20 tions and special rules) is amended by adding at the end
 21 the following new paragraph:

22 “(5) MODIFIED ADJUSTED GROSS INCOME.—

23 “(A) IN GENERAL.—The term ‘modified
 24 adjusted gross income’ means adjusted gross in-
 25 come—

1 “(i) determined without regard to the
2 amounts described in subparagraph (B),
3 and

4 “(ii) increased by

5 “(I) the amount of interest re-
6 ceived or accrued by the taxpayer dur-
7 ing the taxable year which is exempt
8 from tax, and

9 “(II) amounts received as a pen-
10 sion or annuity, and any distributions
11 or payments received from an individ-
12 ual retirement plan, by the taxpayer
13 during the taxable year to the extent
14 not included in gross income.

15 Clause (ii)(II) shall not include any amount
16 which is not includible in gross income by rea-
17 son of section 402(c), 403(a)(4), 403(b)(8),
18 408(d) (3), (4), or (5), or 457(e)(10).

19 “(B) CERTAIN AMOUNTS DISREGARDED.—
20 An amount is described in this subparagraph if
21 it is—

22 “(i) the amount of losses from sales
23 or exchanges of capital assets in excess of
24 gains from such sales or exchanges to the

1 extent such amount does not exceed the
2 amount under section 1211(b)(1),

3 “(ii) the net loss from estates and
4 trusts,

5 “(iii) the excess (if any) of amounts
6 described in subsection (i)(2)(C)(ii) over
7 the amounts described in subsection
8 (i)(2)(C)(i) (relating to nonbusiness rents
9 and royalties), and

10 “(iv) the net loss from the carrying on
11 of trades or businesses, computed sepa-
12 rately with respect to—

13 “(I) trades or businesses (other
14 than farming) conducted as sole pro-
15 prietorships,

16 “(II) trades or businesses of
17 farming conducted as sole proprietor-
18 ships, and

19 “(III) other trades or businesses.

20 For purposes of clause (iv), there shall not
21 be taken into account items which are at-
22 tributable to a trade or business which
23 consists of the performance of services by
24 the taxpayer as an employee.”

1 (c) EFFECTIVE DATE.—The amendments made by
 2 this section shall apply to taxable years beginning after
 3 December 31, 1995.

4 **SEC. 1024. NOTICE OF AVAILABILITY REQUIRED TO BE PRO-**
 5 **VIDED TO APPLICANTS AND FORMER RECIPI-**
 6 **ENTS OF TEMPORARY ASSISTANCE FOR**
 7 **NEEDY FAMILIES, FOOD STAMPS, AND MEDIC-**
 8 **AID.**

9 (a) TEMPORARY ASSISTANCE FOR NEEDY FAMI-
 10 LIES.—Section 408(a), as added by section 103 of this
 11 Act, is amended by adding at the end the following:

12 “(16) NOTICE OF EITC AVAILABILITY.—A State
 13 to which a grant is made under section 403 shall
 14 provide written notice of the existence and availabil-
 15 ity of the earned income credit under section 32 of
 16 the Internal Revenue Code of 1986 to—

17 “(A) any individual who applies for assist-
 18 ance under the State program funded under
 19 this part, upon receipt of the application; and

20 “(B) any individual whose assistance under
 21 the State program is terminated, in the notice
 22 of termination of such assistance.”.

23 (b) FOOD STAMPS.—Section 11(e) of the Food
 24 Stamp Act of 1977 (7 U.S.C. 2020(e)) is amended—

1 (1) in paragraph (24) by striking “and” at the
2 end;

3 (2) in paragraph (25) by striking the period at
4 the end and inserting “; and”; and

5 (3) by inserting after paragraph (25) the fol-
6 lowing:

7 “(26) that whenever a household applies for
8 food stamp benefits, and whenever such benefits are
9 terminated with respect to a household, the State
10 agency shall provide to each member of such house-
11 hold notice of—

12 “(A) the existence of the earned income
13 tax credit under section 32 of the Internal Rev-
14 enue Code of 1986; and

15 “(B) the fact that such credit may be ap-
16 plicable to such member.”.

17 (c) MEDICAID.—Section 1902(a) (42 U.S.C.
18 1396a(a)) is amended—

19 (1) by striking “and” at the end of paragraph
20 (61);

21 (2) by striking the period at the end of para-
22 graph (62) and inserting “; and”; and

23 (3) by adding at the end the following new
24 paragraph:

1 “(63) provide that the State shall provide notice
2 of the existence and availability of the earned income
3 tax credit under section 32 of the Internal Revenue
4 Code of 1986 to each individual applying for medical
5 assistance under the State plan and to each individ-
6 ual whose eligibility for medical assistance under the
7 State plan is terminated.”.

8 **SEC. 1025. NOTICE OF AVAILABILITY OF EARNED INCOME**
9 **TAX CREDIT AND DEPENDENT CARE TAX**
10 **CREDIT TO BE INCLUDED ON W-4 FORM.**

11 Section 11114 of the Omnibus Budget Reconciliation
12 Act of 1990 (26 U.S.C. 21 note), relating to program to
13 increase public awareness, is amended by adding at the
14 end the following new sentence: “Such means shall include
15 printing a notice of the availability of such credits on the
16 forms used by employees to determine the proper number
17 of withholding exemptions under chapter 24 of the Inter-
18 nal Revenue Code of 1986.”.

19 **SEC. 1026. ADVANCE PAYMENT OF EARNED INCOME TAX**
20 **CREDIT THROUGH STATE DEMONSTRATION**
21 **PROGRAMS.**

22 (a) IN GENERAL.—Section 3507 of the Internal Rev-
23 enue Code of 1986 (relating to the advance payment of
24 the earned income tax credit) is amended by adding at
25 the end the following:

1 “(g) STATE DEMONSTRATIONS.—

2 “(1) IN GENERAL.—In lieu of receiving earned
3 income advance amounts from an employer under
4 subsection (a), a participating resident shall receive
5 advance earned income payments from a responsible
6 State agency pursuant to a State Advance Payment
7 Program that is designated pursuant to paragraph
8 (2).

9 “(2) DESIGNATIONS.—

10 “(A) IN GENERAL.—From among the
11 States submitting proposals satisfying the re-
12 quirements of subsection (g)(3), the Secretary
13 (in consultation with the Secretary of Health
14 and Human Services) may designate not more
15 than 4 State Advance Payment Demonstra-
16 tions. States selected for the demonstrations
17 may have, in the aggregate, no more than 5
18 percent of the total number of household par-
19 ticipating in the program under the Food
20 Stamp program in the immediately preceding
21 fiscal year, Administrative costs of a State in
22 conducting a demonstration under this section
23 may be included for matching under section
24 403(a) of the Social Security Act and section
25 16(a) of the Food Stamp Act of 1977.

1 “(B) WHEN DESIGNATION MAY BE
2 MADE.—Any designation under this paragraph
3 shall be made no later than December 31,
4 1995.

5 “(C) PERIOD FOR WHICH DESIGNATION IS
6 IN EFFECT.—

7 “(i) IN GENERAL.—Designations
8 made under this paragraph shall be effec-
9 tive for advance earned income payments
10 made after December 31, 1995, and before
11 January 1, 1999.

12 “(ii) SPECIAL RULES.—

13 “(I) REVOCATION OF DESIGNA-
14 TIONS.—The Secretary may revoke
15 the designation under this paragraph
16 if the Secretary determines that the
17 State is not complying substantially
18 with the proposal described in para-
19 graph (3) submitted by the State.

20 “(II) AUTOMATIC TERMINATION
21 OF DESIGNATIONS.—Any failure by a
22 State to comply with the reporting re-
23 quirements described in paragraphs
24 (3)(F) and (3)(G) has the effect of
25 immediately terminating the designa-

1 tion under this paragraph (2) and
2 rendering paragraph (5)(A)(ii) inap-
3 plicable to subsequent payments.

4 “(3) PROPOSALS.—No State may be designated
5 under subsection (g)(2) unless the State’s proposal
6 for such designation—

7 “(A) identifies the responsible State agen-
8 cy,

9 “(B) describes how and when the advance
10 earned income payments will be made by that
11 agency, including a description of any other
12 State or Federal benefits with which such pay-
13 ments will be coordinated,

14 “(C) describes how the State will obtain
15 the information on which the amount of ad-
16 vance earned income payments made to each
17 participating resident will be determined in ac-
18 cordance with paragraph (4),

19 “(D) describes how State residents who
20 will be eligible to receive advance earned income
21 payments will be selected, notified of the oppor-
22 tunity to receive advance earned income pay-
23 ments from the responsible State agency, and
24 given the opportunity to elect to participate in
25 the program,

1 “(E) describes how the State will verify, in
2 addition to receiving the certifications and
3 statement described in paragraph (7)(D)(iv),
4 the eligibility of participating residents for the
5 earned tax credit,

6 “(F) commits the State to furnishing to
7 each participating resident and to the Secretary
8 by January 31 of each year a written statement
9 showing—

10 “(i) the name and taxpayer identifica-
11 tion number of the participating resident,
12 and

13 “(ii) the total amount of advance
14 earned income payments made to the par-
15 ticipating resident during the prior cal-
16 endar year,

17 “(G) commits the State to furnishing to
18 the Secretary by December 1 of each year a
19 written statement showing the name and tax-
20 payer identification number of each participat-
21 ing resident,

22 “(H) commits the State to treat the ad-
23 vanced earned income payments as described in
24 subsection (g)(5) and any repayments of exces-

1 sive advance earned income payments as de-
2 scribed in subsection (g)(6),

3 “(I) commits the State to assess the devel-
4 opment and implementation of its State Ad-
5 vance Payment Program, including an agree-
6 ment to share its findings and lessons with
7 other interested States in a manner to be de-
8 scribed by the Secretary, and

9 “(J) is submitted to the Secretary on or
10 before June 30, 1995.

11 “(4) AMOUNT AND TIMING OF ADVANCE
12 EARNED INCOME PAYMENTS.—

13 “(A) AMOUNT.—

14 “(i) IN GENERAL.—The method for
15 determining the amount of advance earned
16 income payments made to each participat-
17 ing resident is to conform to the full extent
18 possible with the provisions of subsection
19 (c).

20 “(ii) SPECIAL RULE.—A State may,
21 at its election, apply the rules of subsection
22 (c)(2)(B) by substituting ‘between 60 per-
23 cent and 75 percent of the credit percent-
24 age in effect under section 32(b)(1) for an
25 individual with the corresponding number

1 of qualifying children’ for ‘60 percent of
2 the credit percentage in effect under sec-
3 tion 32(b)(1) for such an eligible individual
4 with 1 qualifying child’ in clause (i) and
5 ‘the same percentage (as applied in clause
6 (i))’ for ‘60 percent’ in clause (ii).

7 “(B) TIMING.—The frequency of advance
8 earned income payments may be made on the
9 basis of the payroll periods of participating resi-
10 dents, on a single statewide schedule, or on any
11 other reasonable basis prescribed by the State
12 in its proposal; however, in no event may ad-
13 vance earned income payments be made to any
14 participating resident less frequently than on a
15 calendar-quarter basis.

16 “(5) PAYMENTS TO BE TREATED AS PAYMENTS
17 OF WITHHOLDING AND FICA TAXES.—

18 “(A) IN GENERAL.—For purposes of this
19 title, advance earned income payments during
20 any calendar quarter—

21 “(i) shall neither be treated as a pay-
22 ment of compensation nor be included in
23 gross income, and

24 “(ii) shall be treated as made out of—

1 “(I) amounts required to be de-
2 ducted by the State and withheld for
3 the calendar quarter by the State
4 under section 3401 (relating to wage
5 withholding), and

6 “(II) amounts required to be de-
7 ducted for the calendar quarter under
8 section 3102 (relating to FICA em-
9 ployee taxes), and

10 “(III) amounts of the taxes im-
11 posed on the State for the calendar
12 quarter under section 3111 (relating
13 to FICA employer taxes),

14 as if the State had paid to the Secretary,
15 on the day on which payments are made to
16 participating residents, an amount equal to
17 such payments.

18 “(B) ADVANCE PAYMENTS EXCEED TAXES
19 DUE.—If for any calendar quarter the aggre-
20 gate amount of advance earned income pay-
21 ments made by the responsible State agency
22 under a State Advance Payment Program ex-
23 ceeds the sum of the amounts referred to in
24 subparagraph (A)(ii) (without regard to para-
25 graph (6)(A)), each such advance earned in-

1 come payment shall be reduced by an amount
2 which bears the same ratio to such excess as
3 such advance earned income payment bears to
4 the aggregate amount of all such advance
5 earned income payments.

6 “(6) STATE REPAYMENT OF EXCESSIVE AD-
7 VANCE EARNED INCOME PAYMENTS.—

8 “(A) IN GENERAL.—Notwithstanding any
9 other provision of law, in the case of an exces-
10 sive advance earned income payment a State
11 shall be treated as having deducted and with-
12 held under section 3401 (relating to wage with-
13 holding), and therefore is required to pay to the
14 United States, the repayment amount during
15 the repayment calendar quarter.

16 “(B) EXCESSIVE ADVANCE EARNED IN-
17 COME PAYMENT.—For purposes of this section,
18 an excessive advance income payment is that
19 portion of any advance earned income payment
20 that, when combined with other advance earned
21 income payments previously made to the same
22 participating resident during the same calendar
23 year, exceeds the amount of earned income tax
24 credit to which that participating resident is en-
25 titled under section 32 for that year.

1 “(C) REPAYMENT AMOUNT.—The repay-
2 ment amount is equal to 50 percent of the ex-
3 cess of—

4 “(i) excessive advance earned income
5 payments made by a State during a par-
6 ticular calendar year, over

7 “(ii) the sum of—

8 “(I) 4 percent of all advance
9 earned income payments made by the
10 State during that calendar year, and

11 “(II) the excessive advance
12 earned income payments made by the
13 State during that calendar year that
14 have been collected from participating
15 residents by the Secretary.

16 “(D) REPAYMENT CALENDAR QUARTER.—
17 The repayment calendar quarter is the second
18 calendar quarter of the third calendar year
19 after the calendar year in which an excessive
20 earned income payment is made.

21 “(7) DEFINITIONS.—For purposes of this sec-
22 tion—

23 “(A) STATE ADVANCE PAYMENT PRO-
24 GRAM.—The term ‘State Advance Payment
25 Program’ means the program described in a

1 proposal submitted for designation under para-
2 graph (1) and designated by the Secretary
3 under paragraph (2).

4 “(B) RESPONSIBLE STATE AGENCY.—The
5 term ‘responsible State agency’ means the sin-
6 gle State agency that will be making the ad-
7 vance earned income payments to residents of
8 the State who elect to participate in a State Ad-
9 vance Payment Program.

10 “(C) ADVANCE EARNED INCOME PAY-
11 MENTS.—The term ‘advance earned income
12 payments’ means an amount paid by a respon-
13 sible State agency to residents of the State pur-
14 suant to a State Advance Payment Program.

15 “(D) PARTICIPATING RESIDENT.—The
16 term ‘participating resident’ means an individ-
17 ual who—

18 “(i) is a resident of a State that has
19 in effect a designated State Advance Pay-
20 ment Program,

21 “(ii) makes the election described in
22 paragraph (3)(C) pursuant to guidelines
23 prescribed by the State,

1 “(iii) certifies to the State the number
2 of qualifying children the individual has,
3 and

4 “(iv) provides to the State the certifi-
5 cations and statement set forth in sub-
6 sections (b)(1), (b)(2), (b)(3), and (b)(4)
7 (except that for purposes of this clause
8 (iv), the term ‘any employer’ shall be sub-
9 stituted for ‘another employer’ in sub-
10 section (b)(3)), along with any other infor-
11 mation required by the State.”.

12 (b) TECHNICAL ASSISTANCE.—The Secretaries of
13 Treasury and Health and Human Services shall jointly en-
14 sure that technical assistance is provided to State Advance
15 Payment Programs and that these programs are rigor-
16 ously evaluated.

17 (c) ANNUAL REPORTS.—The Secretary shall issue
18 annual reports detailing the extent to which—

19 (1) residents participate in the State Advance
20 Payment Programs,

21 (2) participating residents file Federal and
22 State tax returns,

23 (3) participating residents report accurately the
24 amount of the advance earned income payments

1 made to them by the responsible State agency dur-
2 ing the year, and

3 (4) recipients of excessive advance earned in-
4 come payments repaid those amounts.

5 The report shall also contain an estimate of the amount
6 of advance earned income payments made by each respon-
7 sible State agency but not reported on the tax returns of
8 a participating resident and the amount of excessive ad-
9 vance earned income payments.

10 (d) AUTHORIZATION OF APPROPRIATIONS.—For pur-
11 poses of providing technical assistance described in sub-
12 section (b), preparing the reports described in subsection
13 (c), and providing grants to States in support of des-
14 ignated State Advance Payment Programs, there are au-
15 thorized to be appropriated in advance to the Secretary
16 of the Treasury and the Secretary of Health and Human
17 Services a total of \$1,400,000 for fiscal years 1996
18 through 1999.